Daily Report

Latin America

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FBIS-LAT-94-072 *14 April 1994*

CONTENTS

NOTICE TO READERS: An Ω indicates a Foreign Media Note.

CARIBBEAN

Cuba

Robaina Meets Argentina's Menem, Senators *[Havana Radio]* 1
Ukraine Gives $1.6 Million in Food, Medicines *[Havana Radio]* 1
PRENSA LATINA Director Interviews Kim Il-Song *[Havana TV]* 1
Sanitation Equipment Arrives From Spain *[Havana Radio]* 1
Power Cuts Explained; Situation To Improve *[Havana Radio]* 1
Commentary Notes Struggle To Combat Power Cuts *[Havana Radio]* 2
Sugar Industry Minister Assesses Production *[Havana Radio]* 2

Haiti

Chamber of Deputies President To Address Nation *[Port-au-Prince Radio]* 2
Sansaricq 'Optimistic' on Support in Chamber of Deputies *[Port-au-Prince Radio]* 3
Socialist Deputies Oppose Senate Article *[Port-au-Prince Radio]* 3
Dejoie Criticizes Aristide in Published Letter *[Port-au-Prince Radio]* 3
Gunfire Reported Between Army, Civilians *[Port-au-Prince Radio]* 4
Anti-Drug Service, DEA Collaborate on Seizures *[Port-au-Prince Radio]* 4

MEXICO

Jesuits Deny Report on Subcommander Marcos Identity *[LA JORNADA 9 Apr]* 5
EZLN's Marcos on Delays in Peace Process *[LA JORNADA 10 Apr]* 5
EZLN General Command Issues Communique *[LA JORNADA 11 Apr]* 7
Salinas on Article 27, Ejido Privatization *[Mexico City TV]* 8
PRI Officials Appointed to New Positions *[Mexico City TV]* 8
Presidential Candidate Cardenas Interviewed *[Mexico City TV]* 9

CENTRAL AMERICA

Costa Rica

President-Elect Figueres Interviewed *[Tegucigalpa Radio]* 12
Free Trade Agreement With Mexico Signed *[LA REPUBLICA 6 Apr]* 12
Foreign Minister Views Good Ties With Chile *[NOTIMEX]* 13
Private Enterprise Association on Trade Accords *[San Salvador Radio]* 14

Guatemala

De Leon on Possible State of Emergency, Issues *[SIGLO VEINTIUNO 10 Apr]* 14

Honduras

President Reina Holds News Conference *[Tegucigalpa Radio]* 17
Reina, Armed Forces Chief View Coup Rumors *[Tegucigalpa TV]* 20
Presidential Adviser on Coup Rumors *[Tegucigalpa Radio]* 21
Chief of Staff Denies Plot *[LA TRIBUNA 12 Apr]* 22
National Party Urges Support *[Tegucigalpa Radio]* 23
Roundup of Economic Developments *[Tegucigalpa TV, etc.]* 23

Nicaragua

Godoy, Ortega Oppose Economic Measures *[Managua Radio]* 23
Presidency Minister Backs Measures *[Managua Radio]* 24

Panama

Official: Endara To Take Leave of Absence *[LA ESTRELLA DE PANAMA 13 Apr]* 24
Foreign Minister Sends Protest Letter to U.S. *[Panama City TV]* 24
Candidate Says U.S. Authorized Drug Trafficking *[LA ESTRELLA DE PANAMA 13 Apr]* 25

SOUTH AMERICA

Argentina

Cuban Foreign Minister Begins Official Visit *[NOTICIAS ARGENTINAS]* 26
PLO To Open Bureau in Buenos Aires *[CLARIN 13 Apr]* 26
Menem Rejects Possible Pact With Grand Front *[BUENOS AIRES HERALD 13 Apr]* 26
Justicialist Candidate Resigns From Assembly *[BUENOS AIRES HERALD 13 Apr]* 26
Jujuy's Ficoseco Requests Leave of Absence *[NOTICIAS ARGENTINAS]* 27
Statistics Report Shows Trade Deficit Increase *[Madrid EFE]* 27

Bolivia

Tupac Katari Army Resumes Activities *[LOS TIEMPOS 31 Mar]* 27

Brazil

Amorim Views Foreign Affairs Agenda *[O ESTADO DE SAO PAULO 10 Apr]* 28
New Regional Foreign Policy Objectives Viewed *[O ESTADO DE SAO PAULO 10 Apr]* 29
Bank Officials Oppose U.S. Businessman's Move *[O ESTADO DE SAO PAULO 13 Apr]* 30
Ricupero Discusses Minimum Wage, Foreign Debt *[FOLHA DE SAO PAULO 13 Apr]* 31
Ricupero on Adoption of Real *[FOLHA DE SAO PAULO 11 Apr]* 31
Foreign Debt Agreement Expected 15 Apr *[O GLOBO 13 Apr]* 34
Central Bank Changes Foreign Debt Bond Rates *[O ESTADO DE SAO PAULO 13 Apr]* 34
Government Examines Solution to Privatization *[GAZETA MERCANTIL 8 Apr]* 34
Police Dismantle Nigerian Cocaine Connection *[Rio de Janeiro TV]* 35
Venezuelan Border Air Strike Called Legitimate *[Brasilia Radio]* 35
Navy Helicopters To Patrol Amazon Region Rivers *[Brasilia Radio]* 36
Businessmen Explore Options in South Africa, Vietnam *[GAZETA MERCANTIL 9 Mar]* 36
PF Seizes Counterfeit Dollars in Manaus *[O ESTADO DE SAO PAULO 7 Mar]* 36
Scientists Reassess Possible Cuban Vaccine Use *[O ESTADO DE SAO PAULO 5 Mar]* 37

Chile

Commission Created To Curb Poverty *[Santiago Radio]* 37
CUT Leaders Oppose Further Privatizations *[LA NACION 18 Feb]* 37
PS Presents Political Reform Proposals *[LA NACION 27 Feb]* 38
Air Force Receives Light Transport Planes *[EL MERCURIO 6 Mar]* 39
Government Issues New Capital Market Law *[LA NACION 8 Mar]* 39
First Official Report on Codelco Losses Outlined *[LA NACION 27 Feb]* 40

Colombia

Attorney General on De Greiff, Drug Efforts *[Santa Fe de Bogota Radio]* 41
Court Increases Ochoa's Jail Time, Reduces Fine *[AFP]* 44
Magazine Issues Communique on Wiretapping Case *[Santa Fe de Bogota TV]* 45
Candidates' Economic Proposals Critiqued *[EL TIEMPO 3 Mar]* 45
Advisers Discuss Candidates' Qualifications 46
Samper's Qualifications Described *[SEMANA 15 Mar]* 46
Pastrana's Qualifications Described *[SEMANA 15 Mar]* 47

Paraguay

Wasmosy To Do 'Lverything' To Keep Democratic Process *[ABC COLOR 13 Apr]* 48
Minister: Nation Needs Help To Fight Drugs *[ABC COLOR 13 Apr]* 49
Israelis Locate Alleged Palestinian 'Terrorist' *[ABC COLOR 13 Apr]* 49
Judge Suspends Adoptions of Babies Headed for U.S. *[ABC COLOR 13 Apr]* 49

Peru

New Electoral System for Elections Disclosed *[EXPRESO 4 Apr]* 50
Shining Path Campaigns To Visit Guzman *[LA REPUBLICA 5 Apr]* 50
Arrest of Red Path Leader 'Imminent' *[Madrid EFE]* 51
Antisubversive Struggle in Ayacucho Viewed *[CARETAS 7 Apr]* 52

Uruguay

Lacalle Discusses Miami Summit, Domestic Issues *[EL PAIS 3 Apr]* 53

Cuba

Robaina Meets Argentina's Menem, Senators

FL1404000494 Havana Radio Rebelde Network in Spanish 2300 GMT 13 Apr 94

[Text] A note from PRENSA LATINA says that Cuban Foreign Minister Roberto Robaina today received, in Buenos Aires, the Illustrious Visitor decoration which was granted to him by the deliberative council of the Argentine capital. The ceremony took place during a 48-hour visit by Robaina to Argentina during which he also met with the provisional president of the Senate, Eduardo Menem.

It has been reported that legislators from all the political parties represented in the Senate participated in this meeting, which has been described as friendly. Upon welcoming Roberto Robaina, Eduardo Menem ratified a resolution approved by the Senate last year in which the Senate came out in favor of a cessation of the U.S. blockade of Cuba.

Ukraine Gives $1.6 Million in Food, Medicines

FL1304214394 Havana Radio Reloj Network in Spanish 1951 GMT 13 April 94

[Text] The Government of the Republic of Ukraine has donated foodstuffs and medicines worth approximately $1.6 million to the people of Cuba. The vessel (Lilaz Iceland), which is carrying part of this important donation, is already in our country. The donation was officially presented at noon today at the Ukranian Embassy in Havana with delegations of representatives from the State Committee for Economic Cooperation [CECE], Minrex [Ministry of Foreign Relations], and the Cuban Red Cross in attendance.

Charge d'Affaires (Aleksandr I. Yeydi) said the donation is an acknowledgement of the solidary assistance Cuba has given the children of Chernobyl and is an expression of Cuban-Ukrainian relations.

CECE Vice President Raul Taladrid expressed Cuba's thanks for the donation, which includes 10,000 tons of urea; 200 tons of powdered milk; 500,000 cans of meat; and divers medicines.

PRENSA LATINA Director Interviews Kim Il-Song

FL1404012994 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 14 Apr 94

[Text] DPRK leader Kim Il-song has sent the Cuban people a message of solidarity. The statesman received Pedro Margolles, director of the Latin American news agency PRENSA LATINA, at Government Palace in Pyongyang. On that occasion, Kim Il-Song took advantage of the interview on the situation in the peninsula and throughout the world to send greetings to the Cubans and their president, Fidel Castro.

Sanitation Equipment Arrives From Spain

FL1304131394 Havana Radio Rebelde Network in Spanish 0900 GMT 13 Apr 94

[Text] A valuable cargo of approximately 50 garbage trucks arrived from several regions of Spain, mostly from Valencia, which donated 35 units. Upon the official delivery of these vehicles, among them garbage collectors, trucks, water tanks, and 612 containers intended for the collection of solid wastes, special expressions of gratitude were extended to the people of Valencia for their gesture of solidarity. State employees were also urged to take special care of these vehicles. Some 30 additional vehicles and more than 4,000 containers are expected to arrive from Spain by 30 April. These units will be put into operation immediately.

Cesar Romero, Havana City Council provincial director, expressed thanks for the donation received from Valencia. He said that these trucks arrived at the most critical moment for sanitation in the capital.

Power Cuts Explained; Situation To Improve

FL1304220994 Havana Radio Reloj Network in Spanish 2048 GMT 13 Apr 94

[Text] The cuts in the electric power supply currently occurring in Cuba are caused, basically, by difficulties in the nation's thermoelectric plants' generating capacity. Over half of the nation's 3,132 megawatts of generating capacity is produced by thermoelectric plants of Soviet or Czechoslovak manufacture. The Santa Cruz del Norte and Mariel plants, as well as the Rente plant in Santiago de Cuba, came from the Soviet Union; the 10 de Octubre plant in Nuevitas, which has a generating capacity of 330 megawatts, was made in Czechoslovakia. This means that our country has not received parts for that equipment since 1990, which has had an influence on the difficulties being encountered with power plants.

Today, the electric system's generating availability averages 50 percent, while under normal conditions it once reached over 70 percent—for, because of maintenance and breakdowns, no plant operates at 100 percent of installed capacity. This year, the power plant maintenance program has available resources that allow it to perform maintenance aimed at gradually recovering generating capacity. It is undoubtedly important to be able to count on Cuban oil, which since last year has been guaranteeing approximately 30 percent of the fuel earmarked for generating electric power. Cuban crude is burned only in the Maximo Gomez plant in Mariel, the Rente plant in Santiago de Cuba, the Santa Cruz del Norte plant in Havana, and the Jose Marti plant in Matanzas.

The problems of electric power service due to a lack of generating capacity are going to diminish progressively through the efforts of that sector's workers in maintenance tasks, supported by the construction workers of certain provinces. By carrying out the maintenance program planned for this year, and completing two new generating units early next year, there will also be a

gradual recovery—toward normal levels—in the availability of the (?fuel ration). One of these new units will be the 200-megawatt Felton unit in Holguin Province; the other, the 100-megawatt unit at the Santa Cruz del Norte power plant in Havana. All this will benefit the national electric power grid, as will the entering on line next May of two units currently undergoing maintenance.

Commentary Notes Struggle To Combat Power Cuts

PA1404042894 Havana Radio Havana Cuba in Spanish 0000 GMT 13 Apr 94

[Commentary by Miguel Angel de la Guardia Hernandez from the "Evening Information Review" newscast]

[Text] The so-called daily blackout system that Cuba has been forced to implement because of the country's serious economic crisis has intensified over the past few days because of fuel problems and numerous damages to electrical generators.

The Maximo Gomez thermoelectric plant, one of the nation's largest with an installed capacity of 600 megawatts, suffered damages and had to be removed from the national network. Other plants throughout the country have also been damaged by Cuba's heavy oil, which can cause serious damage if it is not adequately treated or if adjustments are not made to the industrial equipment in which it is used. Cuba has been forced to use this heavy oil to generate a considerable amount of the electricity required by the country, because there is an insufficient amount of light oil for all of the generators.

Workers at the Maximo Gomez plant are struggling tooth and nail to repair this important power plant before the month is over in an effort to restore services to the limited level the people were receiving before the plant went off-line. Problems like these, which pose a daily inconvenience for the entire population and generate severe economic problems because they paralyze various services that require electricity, are characteristic of the critical economic situation Cuba has suffered ever since the USSR collapsed and the full burden of the criminal blockade imposed more than 30 years ago by the U.S. Government was brought to bear on the country.

This blockade has now been intensified by the well-known Torricelli amendment, whose purpose is to extend the so-called embargo to all of the countries that maintain commercial ties with Cuba. This is yet one more difficulty the Cuban people must deal with. It is perhaps one of the main difficulties, if you will, but certainly not the only one, because the industrial sector is nearly paralyzed by a shortage of fuel, replacement parts, lubricants, fertilizers, and numerous other resources which, in turn, has created the worst economic situation in the country's history.

A situation like this would have made the best of the capitalist or so-called democratic-representative governments collapse. In Cuba, however, we have a heroic people who are resisting, because they know what they are defending, and because they are fully aware of what they would lose with the disappearance of their socialist system, which has brought them so many achievements, not only material, but also moral and spiritual. This is why the Cuban people voted overwhelmingly in favor of the revolution headed by Fidel Castro during the recent elections. This is why Cuba has so much strength and prestige throughout the world. This is why the Cuban people will continue fighting until they achieve victory.

Sugar Industry Minister Assesses Production

FL1304154694 Havana Radio Rebelde Network in Spanish 0900 GMT 13 Apr 94

[Text] After the latest control assessment in the country's western region, when Havana was declared the winner, Sugar Industry Minister Nelson Torres said the climate is favorable for making a maximum effort in cutting and grinding sugarcane with greater efficiency.

He said that Havana, Sancti Spiritus, and Cienfuegos are the provinces with the greatest possibilities for meeting the established plan before 1 May. He also urged all other provinces to set concrete goals for the international labor day. Nelson Torres explained the country's need to complete the planting of 5,000 caballerias of sugarcane this month during the Spring campaign.

In the assessment by region, the western region has overpowered the eastern region, while Havana Province reached the best production level and was also one of the best in sugar production, sugarcane planting, and care of plantations.

Haiti

Chamber of Deputies President To Address Nation

FL1304210294 Port-au-Prince Radio Metropole in French 1045 GMT 13 Apr 94

[Excerpt] The office of the Chamber of Deputies is due to announce its official position tonight regarding the resolution passed by the Senate office headed by Senator Sansaricq regarding the application of Article 149 of the Constitution. The president of the Chamber of Deputies is scheduled to address the nation on the evening of Wednesday [13 April] on the crisis. On 12 April, the office led by Sen. Sansaricq submitted the text of the 10 April resolution to the office of the lower chamber.

Questioned on this document, the president of the deputies expressed serious reservations regarding the future of this resolution. Deputy Monde thinks that it is necessary to fill the institutional vacuum. However, Monde explains that it cannot be done in just any manner. Deputy Monde calls the conference on 10 April, which led to the resolution on Article 149, a pirate action. The president of the lower chamber indicates that hidden, major, economic interests are behind this resolution. [passage omitted]

Moreover, the president of the Chamber of Deputies maintained that his colleagues would not give in to the senators' pressures.

Sansaricq 'Optimistic' on Support in Chamber of Deputies

FL1304212594 Port-au-Prince Radio Metropole in French 1600 GMT 13 Apr 94

[Text] Despite the negative reaction reported at the lower chamber regarding the 10 April resolution demanding the installation of the president of the Court of Cassation, the president of the Senate opposition office, Bernard Sansaricq, shows great optimism. For Senator Sansaricq, the text of this resolution will receive the approval of the deputies. He warns the populace against rumors of [someone's] taking the office of Justice Jonassaint. Sen. Sansaricq specifies that the Senate he leads is expecting a green light from the deputies.

[Begin recording] [Sansaricq] I am very optimistic, and I believe the Chamber of Deputies will definitively shoulder its responsibilities and pass the resolution. We have many deputies, I repeat, who agree with this resolution; I think it will be passed this week or, at latest, next week, and we are waiting for its passage so that the resolution has full impact. If the Chamber of Deputies commits the mistake, before history, of not approving this resolution, then at that time we will think of a solution to take, but not now. Right now, we are optimistic that it is going to be passed by the Chamber of Deputies.

[Reporter Francois] Have you already contacted Justice Jonassaint in that regard?

[Sansaricq] I can tell you that officially we were waiting for the result of the vote on the resolution in the Chamber of Deputies in order to contact Justice Jonassaint. Unofficially, contacts with him have been made by some senators. I can tell you that Justice Jonassaint is a patriot, a nationalist, a man who definitely will fulfill the duty that he must fulfill toward the nation. It is a page of history that we are writing, and I do not think that the Chamber of Deputies is going to shy from a constitutional duty.

The Legislative Palace is also ours. It was built by President Dumarsais Estime for the use of both chambers. No one can prevent us from entering our home. There are all kinds of rumors spreading about how so-and-so will be appointed prime minister; the installation will take place today. No! We are doing what is right, a historic action for the nation, and we want to come out great in the eyes of history and the Haitian people. We ask the populace not to believe those rumors and to remain calm. [end recording]

Socialist Deputies Oppose Senate Article

FL1304211594 Port-au-Prince Radio Metropole in French 1045 GMT 13 Apr 94

[Text] The leader of the socialist bloc in the Chamber of Deputies dissociates himself totally from the resolution passed by the Senate office led by Senator Sansaricq. The socialist bloc remains committed to the parliamentary plan regarding the unblocking of the Governors Island agreement, says Deputy Duly Brutus:

[Begin Brutus recording] We remain faithful to the plan which we ratified in the Chamber of Deputies in the Haitian parliament. We are waiting for the Senate's position with Sen. Firmin Jean-Louis; on the other hand, we feel that we must continue negotiating a solution to the Haitian political crisis.

[In Creole] The socialist bloc does not relate to this position on the application of Article 149 of the Constitution. We believe the time is not right to take such a step, mostly because we think that the parliament has made some progress on the international level. It would be a pity if today we were to take some false steps that would cause the parliament to lose the credibility it has on the international level. [end recording]

Dejoie Criticizes Aristide in Published Letter

FL1304210394 Port-au-Prince Signal FM Radio in French 1030 GMT 13 Apr 94

[Text] Priest-President Jean-Bertrand Aristide is not qualified to fill the high office of president of the Republic of Haiti, according to Louis Dejoie II, acting minister of commerce and industry, advancing the opinion that the latest communique on the Port Tortuga matter has demonstrated the meanness of the president and his lack of political maturity and ability to analyze state affairs. In a letter to the general director of the weekly HAITI EN MARCHE, Dejoie assails the president as audacious. He writes: It seems odd that I can be accused of being a traitor—unless this accusation comes from a mentally ill, malicious, racist, and embittered Haitian jealous of my democratic stands in favor of the Haitian people.

Louis Dejoie II explains that he is not seeking revenge and has not raised a destructive weapon against Haitian brothers, political clans, or social strata but has always preached national reconciliation. Dejoie says he is the victim of a plot against him hatched by the lavalasians. A lavalas brigade from Miami is allegedly already in Port-au-Prince for the purpose of assassinating Minister Dejoie. That would be something! he exclaims, in this letter to the general director of HAITI EN MARCHE.

Gunfire Reported Between Army, Civilians

FL1304210694 Port-au-Prince Signal FM Radio in French 1030 GMT 13 Apr 94

[Text] Gunfire was exchanged during the night of 7 April between armed strangers and soldiers at the outpost of Borgne in northwest Haiti, sources reported in Port-au-Prince on 12 April. According to the sources, two military detachments from Cap-Haitien, 260 km north of Port-au-Prince, were sent to the area. Neither side suffered casualties. The unidentified attackers are being sought, according to a Haitian military source. Weapons of unrevealed nature and number were abandoned by the attackers, according to the same source.

A similar incident took place the night of 2 February in Chantal, near Les Cayes, 200 km south of Port-au-Prince. Two M-1 rifles abandoned on that occasion by the attackers were recovered by soldiers.

Anti-Drug Service, DEA Collaborate on Seizures

FL1304184594 Port-au-Prince Signal FM Radio in French 1030 GMT 13 Apr 94

[Text] The Haitian Anti-Drug Service announced that it seized 12 kg of cocaine intended for the U.S. market at the Port-au-Prince International Airport on 12 April. The drug was concealed in the luggage of a Haitian citizen who was going to Miami, Florida, on a commercial flight. He was arrested and imprisoned. Two other people, who were with the owner of the luggage, were questioned.

In recent days, more than 60 kg of cocaine coming from Colombia and intended for the U.S. market has been seized in Port-au-Prince by the Haitian Anti-Drug Service, which is working jointly with the local branch of the U.S. anti-drug office, Drug Enforcement Agency [DEA] [previous four words in English]./

Jesuits Deny Report on Subcommander Marcos Identity

PA1304191394 Mexico City LA JORNADA in Spanish 9 Apr 94 p 2

[Letter and "Official Explanation" sent by Carlos Morfin Otero, member of the Mexican Chapter of the Society of Jesus, to LA JORNADA; place and date not given]

[Text] Mr. Director: On 8 April, the daily newspaper SUMMA published on its front page a report identifying subcommander Marcos [of the Zapatist National Liberation Army] as one Father Jeronimo Hernandez Lopez.

I would appreciate your publishing in your newspaper a note from the Jesuits of Mexico that denies the information published in that newspaper.

As we indicated in our communique, public opinion needs truth. False opinions encourage—during the difficult times the nation is experiencing—slander, violence, instability, and insecurity.

I reiterate my appreciation for the objectivity that has characterized LA JORNADA's reporting.

[Signed] Carlos Morfin Otero, S.J.

Member of the Mexican Chapter

Official Explanation by the Jesuits of Mexico:

On 8 April 1994, the daily newspaper SUMMA, whose director is Jose Antonio Perez Stuart, published on its front page the following news: "Marcos" is the Jesuit Jeronimo. This was an exclusive report for SUMMA by special correspondent Ernesto Esparza.

The report says that this information came out of an investigation conducted by a special federal government group whose operations are headquartered in Chiapas.

The Society of Jesus in Mexico (the Jesuits), reports:

1. Jesuit priest Jeronimo Alberto Hernandez Lopez is not subcommander Marcos. We would like to state clearly that from 5 August 1992 to 5 April 1994, Father Jeronimo Hernandez Lopez, S.J., was assigned as a pastor to Guatemalan refugees in Campeche State.

This information was made public and is known to national authorities, as is demanded of anyone who wants to work with the refugees.

2. As of this date, Father Jeronimo Hernandez has been assigned to our project in Bajon-Arena, Chiapas State.

Attorney General Diego Valades and Goverment Secretary Jorge Carpizo were duly informed of the preceding.

3. Several days ago Father Jeronimo was interviewed and photographed by National Security agents from the Campeche State delegation, allegedly to confirm his whereabouts and his work with refugees. These agents were provided with the requested information.

4. We strongly condemn the report published in SUMMA. It is unprofessional to contribute to slander and insecurity based on false reports, without indicating who is responsible for the mentioned investigation. It is very serious to involve the federal government in general. That report should be added to a long list of false information orchestrated by some media. Public opinion demands the truth. False opinions encourage—during the difficult times the nation is experiencing—slander, violence, instability, and insecurity.

[Signed] Carlos Marfin Otero, S.J.

Member of the Mexican Chapter

EZLN's Marcos on Delays in Peace Process

PA1304221394 Mexico City LA JORNADA in Spanish 10 Apr 94 pp 1, 10

[Report by special envoy David Aponte on an interview with Subcommander Marcos of the Zapatist National Liberation Army by unidentified reporters in Lacandona jungle on 9 April]

[Text] Lacandona Jungle, Chiapas, 9 Apr—Rebel leader Subcommander Marcos announced today that the Zapatist National Liberation Army (EZLN) says the "political and military" conditions are not right for them to continue discussing the government's proposals within the Indian communities, in search of dignified peace in Chiapas, or to resume talks with Peace Commissioner Manuel Camacho Solis.

He said the Clandestine Indian Revolutionary Committee-General Command (CCRI-CG) is demanding that the Mexican Army cut back its presence in the region and that livestock breeders and ranchers suppress their belligerence in order for the talks to resume.

The EZLN military strategist also said the rebels have heard nothing from Manuel Camacho Solis—either privately or publicly—as previously stated by the former foreign minister.

In an interview with three reporters in a clearing in the Lacandona jungle, the subcommander commented on Camacho Solis' public reappearance and on his views on the peace process.

On Friday, the commissioner, speaking to representatives of the three branches of the government, reaffirmed his commitment and his position on a political solution to the armed conflict. He also mentioned that new steps will be taken in the next few weeks aimed at building peace.

Basically, Marcos believes that "political and military" conditions are not right for the resumption of talks. He charged that the Mexican Army is conducting new troop movements into new areas in the region.

[Marcos] "What they did was to move them out of the press' way. They retreated across the flank the press covers, namely Tuxtla Gutierrez, San Cristobal de las Casas, Ocosingo, Altamirano, and Las Margaritas. Some of them came around Arraiga, and the others came through Villahermosa and Tenosique. Five days ago about 30 8.5 ton trucks came down from Tenosique along the border highway, transporting about 1,000 or 1,200 soldiers."

[LA JORNADA] Don't you think this is just movement of troop replacements?

[Marcos] This is within the replacement. What they do is to relocate the parachute and sapper units; they get them out of the press' way and place them in the rear. The paratroopers are counterguerrilla rangers [preceding word in English]. In military terms this means sappers and paratroopers in the rear; thereby the hammer and anvil operation is inverted. It would now be on the border and the anvil here.

"I believe here they have too much at stake and the game is to penetrate the woods (the Lacondona jungle), control the road and from there position the anvil. I do not think they will risk positioning the anvil in Ocosingo, Altamirano, and Las Margaritas because this would be too obvious and they do not want this."

[LA JORNADA] What are they thinking of then? Is this an offensive tactic?

[Marcos] Isolation, removing the guerrillas as spokesmen on society. They want us to stop making statements; they want us to stop doing what we are now doing. They want to take us out of these woods. Nevertheless, the troop movements here have to be very quick to force us out of here. What was planned previously on this side—that is to move in the sappers and the paratroopers who are the green berets—was to defuse the mines. These are counterguerrilla units who come in to clash and to locate us.

"The units used are from 12-15 [not further explained]. We are talking about approximately 5,000 men, a division. This is an airborne division, following the gringo model of a rapid intervention.

"Therefore, initially they move in this direction, Ocosingo, Altamirano, Las Margaritas, on the landing fields here. The landing field of Altamirano was refurbished while all commercial flights from Las Margaritas landing field were stopped. There they have set up a garrison from where they start to push us to over there (the border with Guatemala). Over there is located the anvil, in this case it would be the Kaibiles (elite unit of the Guatemalan Army). At this point, the Mexican Army eases up, and there they would force us to confront the Kaibiles. The Kaibiles then apply the anvil.

"To this end, they publish in the media that the soldiers have left; the reporters see them passing through San Cristobal de las Casas. Nevertheless, they turn back and then change troops."

[LA JORNADA] Is the government playing both sides? Camacho said he coordinates the interests of peace, in reference to the cattle breeders.

[Marcos] Yes, I believe he is going to attempt to include the cattle breeders somewhere in the dialogue. They had already intended to talk to us as they know very well that we have not yet invaded the farms. Maybe they want to take advantage of this to reach an agreement and solve the problem of the cattle that was the war tax and to somehow negotiate land ownership.

"Meanwhile, the Army supposedly continues to ease military pressure. What it is really doing is maintaining it at the same level. It is not compartmented; it simply has changed strategy. This is the last report I received yesterday (Friday)."

[LA JORNADA] This is not clear. What does the government want? Does it want to continue with the dialogue, or is it preparing for a final offensive?

[Marcos] It does not want to continue with the talks; what are now suspended are the talks. They want to know what the communities are going to say, and they want to maintain the military presence. They are waiting to see the results of the talks, to then ease the military pressure and begin negotiations."

[LA JORNADA] Do you believe you will continue with the dialogue if the conditions exit?

[Marcos] No. Right now the conditions do not exist. We thought they were since the committee had been noticing the withdrawal of soldiers, but their departure was not confirmed. Reports from our front line indicated that (the soldiers) were not leaving. Later we received reports that they were coming through another place. Since there was no movement in the rest of the country, we figured out that it was just the same soldiers moving from one place to another.

"Thus far, the situation has not changed. Colosio's slaying was the pivotal factor in the suspension of the talks. We said: There is the perfect excuse. Seemingly, it is now when it is becoming clear that it is not our fault, and there is an internal government plot. We can hold the talks with that (military) tactic in place so long as they do not have a legal basis to attack us..."

[LA JORNADA] Is it true that you met with Camacho Solis a few days ago?

[Marcos] No. I have not seen Camacho since the talks, and it is not true that he has sent any secret communiques. If he did, they have not arrived. We have not heard from Camacho since the talks. He was awaiting the results of the talks. We went along with the process; then Colosio was assassinated, and the whole thing was suspended. We had heard he was coming (to Chiapas). However, I have not had any contact with him, either written, public, or secret.

[LA JORNADA] Why are they saying that?

[Marcos] The government is waiting to see how the situation evolves. Colosio was their alternative in the negotiations. After Colosio's death, they must readjust to decide what they will offer or negotiate.

[LA JORNADA] Under what conditions will you resume the dialogue and come down to the cathedral?

[Marcos] In order to resume the dialogue, some military conditions must exist. One is that the Army reduce its presence. Another condition is a decrease in aggression—at least until the dialogue is resumed—on the part of the cattlemen, businessmen, and the political class. This aggression seemed to come mainly from the municipal presidents and the cattlemen. Obviously, Salinas' resignation would be a welcome sign.

[LA JORNADA] Is it true that you want to speak to Zedillo?

[Marcos] No. I have never said... I could give you some advice on how to write textbooks, but I never said that. The committee has not held a meeting since it was appointed, and it is very possible that it will not support any of the candidates.

"I had already given up on the idea of the candidates coming here. We will not invite them anymore, but we are willing to talk with a representative. For that matter, we are willing to talk with any representative. What truly matters to us is that they come here because if something happens to them, if a plane crashes... What I have said is that we are willing to talk with any candidate, but I did not think they would come because if something happened to them, they would blame us. Seeing as how Colosio was killed, we can expect anything to happen to any other candidate."

EZLN General Command Issues Communique

PA1404001694 Mexico City LA JORNADA in Spanish 11 Apr 94 p 6

[Communique issued by Mexico's Clandestine Indian Revolutionary Committee-General Command of the Zapatist Army of National Liberation (EZLN) in Mexico on 10 April: "Emiliano Zapata Will Not Die by Decree: EZLN"]

[Text] To the people of Mexico,

To the world's peoples and governments,

To the national and international press,

Brothers:

The Clandestine Indian Revolutionary Committee-General Command of the Zapatist Army of National Liberation hereby addresses you to say the following:

Today, 10 April 1994, marks the 75th anniversary of General Emilio Zapata's assassination. An attempt was made to drown his cry of Land and Liberty! through the betrayal of Venustiano Carranza. Today, the usurper Salinas de Gortari, the self-described "president of the Mexican republic," lies to the Mexican people, saying his reforms of Article 27 of the Constitution reflect the spirit of Gen. Zapata. The supreme government is lying! Zapata will not die over such a haughty decree. The right to land for those who till that land is irreversible, and the war cry of Land and Liberty! still has not found rest in these Mexican lands. Under the blanket of liberalism that has darkened our lands every peasant who fights for his agrarian rights is jailed and murdered. Salinas' reforms to Article 27 of the Constitution represent a betrayal of the fatherland, and the usurper of federal executive power in Mexico should be prosecuted for this crime.

Brothers, today is the 100th day of the new dawning of our voice; from the mouths of the rifles of faceless men and women spoke the voices of landless peasants, farm workers, small landowners, and Mexican Indians. The voices of those who have nothing and deserve everything had to follow the path of their smallest men, the most humiliated, the most persecuted, the most forgotten. The voices of true men spoke for the Mexicans who are dispossessed of their lands, dignity, and history. Everything seemed lost during our people's long night. The land gave nothing but pain and death, but 10 years before this day certain good people sowed in our grieved land the hope that true men would return to life. The seed of their words found a good place to be born in the Mexican mountains. Their silence was cultivated. Their passage was night which turned to day.

At the dawning of our cry of "Enough!" the land yielded the fruits that had been sown. Instead of grief, anger was born; instead of humiliation, dignity emerged; instead of regrets, we reaped weapons. Thousands of men and women unearthed, from the very land that only gave them poverty, the tender fire that would fill their hands; they covered their faces, erased their pasts, left behind their names and lands and followed the steps of war. None of us men and women of nocturnal passage will have a tomorrow. There will never again be peace for our yearnings. Never again will our bones and blood have rest.

For whom are these men and women walking? Who drinks their blood? For whom is the light in their words? Who will gain life from their death? One hundred days. Ten years. Whose hands, besides those of the men and women who cannot be here with you today, will pick up the flag their blood tore from the hands of the powerful? Who will fall in with their dignified stride? Who with them, with us, can speak with only a look, a voice and fierce tenderness? Who cries out with us? Who does not abandon us? Who struggles with us? Who listens to our dead?

Not the usurper, who sells his pride at the National Palace. That pride is not the pride he sells to us. It is not pride that is murdering us. It is not pride that is dispossessing us. It is not pride that humiliates us.

You do, brothers. For you, our blood. For your night our timid light. For your life our death. Our war for your

peace. For your ears our words. Your grief, brothers, will seek relief in our struggle. For you everything, brothers; for us, nothing.

Brothers, before you, in that palace where lies reign today, lives he who denies us and whom no good person has asked to be there. The powerful gentleman who snatches our lives away everyday should leave. He must go, brothers. His voice should not be a mandate for us. Nothing good comes from his doors. There are lies in his face and deceit in his words. He must go, brothers. This is the cry coming from the mountains; this is what our blood is saying; this is what our dead are requesting. He must go. Tell him that, brothers: He must Go!

Let no one else arrive at that palace you have in front of you if it is not by the mandate of the others; he who sits in that chair must give orders while obeying; he who speaks from that balcony must have the truth in his words; he who calls himself our chief must be that while obeying. Tell him that this, brothers, is what we want.

We cannot be with you on this day, brothers; our steps follow the night into the mountains; our faces are still gagged, and our words are very distant. Take us for one moment, Mexican brothers! Give us your voices a moment and allow your mouths to speak our words. At this very instant, in the mountains of southeastern Mexico, thousands of men and women who have been rejected, who have no names or pasts are reviving in their chests the first cry of the beginning of the year. Our hearts are happy, because Emiliano Zapata has come again, in your steps, to the square [zocalo] in Mexico. We, small and forgotten, raise the image of Zapata in the other heart of the fatherland: the mountains of the Mexican southeast.

Cheers, Mexican brothers! Let our cry be yours:

Long live Emiliano Zapata!

Death to the supreme government!

Freedom!

Justice!

Democracy!

Respectfully, from the mountains of the Mexican southeast.

Clandestine Indian Revolutionary Committee-General Command of the Zapatist Army of National Liberation.

Mexico, April 1994.

Salinas on Article 27, Ejido Privatization

PA1304194094 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 12 Apr 94

[Report by Jaime Guerrero; from the "Early Morning" newscast; passages within quotation marks are recorded]

[Text] President Salinas said that reforms to Article 27 of the Constitution do not mean the privatization of the Mexican countryside. Issuing property titles for the peasants' land is an act of justice, not an act of alienation. He also said that ejidos will not be privatized.

[Salinas] "These titles mean justice, not alienation."

He pointed out that two years after Article 27 was amended, only 38 of the 30,000 Mexican ejidos have requested the full issuance of property titles to become part of the real estate market.

[Salinas] "Urban areas are already surrounding those 38 ejidos. Without property titles, their prospects, as Agrarian Prosecutor Arturo Warman already said, would include only expropriation or, even worse, invasion and loss of their own legacy."

Salinas pointed out there currently is a sound possibility of overcoming poverty and neglect in the countryside. In short, the validity of Article 27 was discussed.

[Warman] "We did not find any reason to revise Article 27 of the Constitution."

Prosecutor Warman said that a reform to Article 27 would constitute a setback; in addition, the reform lacks the support of the majority of peasants. He added that only minority groups are requesting modifications to the article. He also talked about Chiapas and rejected that legal large estates are predominantly in the hands of a few individuals.

[Warman] "We will continue to search for legal large estates, but I believe that we will find very few."

Warman submitted to the president his second report on the works of the Agrarian Prosecutor's Office.

PRI Officials Appointed to New Positions

PA1304035894 Mexico City XEW Television Network in Spanish 0430 GMT 12 Apr 94

[From the "24 Hours" newscast]

[Text] Three changes were made within the PRI [Institutional Revolutionary Party] on 11 April. Mr. Lievano Saenz Ortiz left the Secretariat of Information and Propaganda to become the private secretary of PRI presidential candidate Ernesto Zedillo. Lievano Saenz has held several posts in the government. He was a senior officer at the Secretariat of Social Development, director of property and furnishings of the defunct Secretariat of Urban Development and Ecology, and general director of the Panamericana Sulphur Company [Azufrera Panamericana] and the Istmo Exploration Company.

The PRI's new secretary of information and propaganda is Mr. Carlos Salomon Camara, formerly the Federal District's secretary general of social development, a political delegate in Coyoacan, and commercial director of Fertimex [Mexican Fertilizers]. He has been a PRI

member for 19 years and is a columnist for the newspaper EXCELSIOR and the magazine SIEMPRE.

Mr. Esteban Moctezuma Barragan will hold the newly created post of first adjunct secretary; he was a senior officer at the Secretariat of Programming and Budget, a senior officer at the Secretariat of Public Education and, until recently, deputy secretary of public education.

These appointments were disclosed by Mr. Fernando Ortiz Arana, president of the PRI's National Executive Committee, who swore in the three new appointees. Mr. Ortiz Arana stated the following about the three appointees:

[Begin Ortiz recording] They will give credit to the rules that have governed their conduct in the many positions they have held. They have personal and political honesty, integrity, intelligence, and a determination to serve foremost the causes of the Mexican people. [end recording]

The brief ceremony was also attended by Mr. Ignacio Pichardo Pagaza, the recently appointed PRI secretary general.

Presidential Candidate Cardenas Interviewed

PA1204162594

[Editorial Report] Mexico City Canal 13 Television Azteca Network in Spanish at 0530 GMT on 7 April broadcasts a live or recorded 120-minute interview with Cuauhtemoc Cardenas, presidential candidate of Mexico's Party of the Democratic Revolution, PRD, during the "Let Us Speak Clearly" call-in program hosted by journalist Lolita de la Vega.

After a brief introduction and a video clip of Cardenas' biographical data, de la Vega begins receiving calls from people shown on video who are identified by caption.

She asks Cardenas if his party agrees with some of the ruling party's policies, to which he replies: "We may agree in certain areas." He says: "we are pleased with the initiation of the negotiations in Chiapas, which in our opinion was necessary. Fortunately, the government sought negotiations to prevent a military resolution to the Chiapas conflict. We are also happy to see inflation is under control. We recognize the government's positive steps, but it is also our duty to point out those things with which we disagree or which we believe are negative."

When a caller asks Cardenas if he is running for president again to serve Mexico or to satisfy his personal ambitions, Cardenas replies: "I was asked by my fellow party members," adding, "we are seeking profound changes in the country. It was not a personal decision. I can serve my country as a candidate, as a president, or as a simple citizen but will always struggle for democratic changes."

When de la Vega asks if he would be willing to invite members from other parties to participate in the changes he proposes, he says: "Yes, of course. The only condition is that the person should have a real commitment to make democratic changes, should be someone known for his desire to serve, should have a proven honor, capability, knowledge, and, as I said, a willingness to make changes and to serve the country."

Concerning corruption, de la Vega asks what actions he would take to ensure dishonest officials would be punished; he says: "Certain mechanisms would have to be implemented, because as it is the comptroller general's office does not function, because it is both judge and defendant." He adds "this position should be in the hands of the opposition."

Regarding his approach to tackle the problem of unemployment, he says: "I see the country's reconstruction as a joint effort of many forces, not just of the government, private enterprise, or workers. I believe private enterprise, workers, and the state can work together to achieve common objectives. We all want to create jobs, to increase production, to improve productivity, to have better salaries, more purchasing power, more tax revenues, more investment funds." He adds: "We must use our resources. I believe one of our main acts should be to reactivate our energy policy, to build electricity plants, to develop our oil industry, to improve our highway system."

In response to a caller who asks him what would be his first steps to separate the executive and judicial branches, Cardenas says: "First of all, through a different policy; in other words, by effectively complying with the law and the Constitution and not by interfering with or intervening in areas where we are not supposed to. The president should not go beyond his constitutional and legal capacity. We should effectively advance to guarantee the autonomy among the government branches. I am confident the next Congress will be different, because the majority of deputies and senators will not owe their election to the president."

A caller asks Cardenas if he fears an attack similar to Colosio's by members of his own party; he says: "No, much less from within my party."

Cardenas is asked what he would do to resolve extreme poverty, especially among Indians throughout the country. He says: "We must spend more funds for this purpose and realize the problem of poverty is affecting more than 50 percent of the country's population; that is, more than 40 million Mexicans." He adds: "We must encourage employment, better salaries; this cannot be done overnight, but we must make great efforts to revert current practices, to strengthen the educational system, and to improve our health system."

A caller from Monterrey asks if he plans to unify health service and improve salaries of professionals in the health sector. Cardenas says: "We must make a great national effort, both economic and political, to improve the salaries of all workers." He adds: "How? Through a

better distribution of expenses, making better use of the country's resources, and by managing those funds better."

De la Vega asks Cardenas what he thinks would be the best solution to improve salaries; he says: "We must generate economic activity, jobs, and better salaries." Asked to be more specific in explaining his economic policy, he says his economic proposal is "making the economic policy more social; in other words, we must realize economic measures affect the people, their standards of living, job opportunities." He adds: "We will have to reduce interest rates, make our banking system more efficient, create a climate of confidence for domestic and foreign investors, and create the conditions to strengthen our markets."

When asked why there should be international observers in the elections, he replies: "We believe if there is nothing to hide, there can be observers both from inside the country and from abroad who can contribute to cleaner elections, which is a national demand that has become stronger after Colosio's death."

A caller from Mexico City asks Cardenas what actions he would take against the mafia and manipulation of the public through television stations. He replies: "I believe it is absolutely necessary to open new opportunities in television, to create the possibilities of opening television stations at universities and higher centers for education, stations handled by community organizations, opening more opportunities for artistic creativity, for the film industry." He adds: "We believe it is necessary to break the monopoly in the country, specifically concerning Televisa, as it is unfair for one station to have excessive coverage, which is what is happening today."

When asked by a caller: "What lesson did all Mexicans get from the problem in Chiapas?" Cardenas answers: "It showed us there are problems of misery, arbitrariness by authorities, land evictions, a lack of democracy, elections that are not held. Those problems must be attacked at their roots. I believe this is one of the main lessons we have received from the Chiapas conflict, which also indicates what the solutions are: If we attack misery, strengthen the productive sectors in that region, if we end arbitrariness, we will surely prevent a similar problem in Chiapas or any other part of the country."

De la Vega continues to read letters received from viewers. She reads a letter from a Mexico City viewer who asks: "What is your opinion of Subcommander Marcos?"

Cardenas replies: "We do not know much about him. He is a fighter. He is definitely a fighter who defends his ideas. He risks his life for his ideas and the people in whom he believes and those who believe in him. We respect that position. We have followed different paths in the hopes of solving similar problems or reaching similar goals. We hope we will have the opportunity to meet him during a future visit to Chiapas. Perhaps we can sit down and talk and exchange views so that I can have more firsthand information on what he wants and what we can do to contribute to a stable peace in Chiapas and throughout the country."

De la Vega then asks Cardenas what he will do for retirees. Cardenas says: "We have suggested increasing pensions. During the first phase of the plan we would like to increase them to at least the minimum wage. We hope to later increase pensions to the same salary the retired person earned while he was working."

De la Vega reads a letter from listener Rene Ortiz who asks: "If the PRD wins the elections, what kind of a cabinet will you have?" Cardenas answers: "With people from the various political forces that support a democratic change," adding "honest people who will honor their commitments. It will be a pluralist government."

De la Vega then asks: "Do these people have a name?" Cardenas responds: "In certain cases I can say yes, and I hope I will be able to disclose those names shortly."

An unidentified speaker then asks Cardenas about Mexico's economy and "how he plans to solve those problems?"

Cardenas says: "We have already said how we would solve certain problems. As I said earlier, productive investment must be boosted. We must stress job creation. We must reduce interest rates and make loans more accessible so that more investments can be made." Cardenas goes on to say: "We must improve our road systems and build hydroelectric plants. The construction industry must serve as a guide toward economic recovery. That is what we must do to ensure the economy will begin to recover, but everyone must contribute to this. We need the help of the businessmen, the state, and workers."

Caller Juan Villagran asks Cardenas about changes to the Constitution. The caller wants to know if Cardenas agrees with the changes made. Cardenas responds: "We do not agree state education is no longer free. I believe this is something we must reinstate. Only elementary and high school education are free today. I believe if the state is funding education, all education, from kindergarten to the university, should be free. We oppose other changes to the Constitution. We are against changes made to Article 16 of the Constitution. This change grants the Attorney General's Office the right to be judge and jury. This office no longer needs a warrant issued by a judge to arrest someone. We also oppose changes to Article 27, because with these changes the people lose their right to demand land that is in the hands of large landowners. These large landowners have land that surpasses the amounts legally allotted to one person. We oppose these changes and believe a review of these changes would be appropriate and more changes made."

De la Vega reads a letter from viewer Elina Perez Gomez who asks: "Mr. Cardenas, are you aware you have provoked violence in our country? If you love Mexico and the memory of your beloved father, you would not

do the things you do. There are mercenaries of war, and I believe you are involved with them." Cardenas responds: "I do not agree with that opinion. We are not seeking violence; quite the contrary, we have been victims of violence. The PRD has lost more than 250 members. We do not want more violence, and this is precisely why we are struggling for a change in the country."

Viewers continue to ask questions on education and the PRD's plans for those women who head households. Cardenas says: "We want to offer these women the many rights and services the state can offer. For example, they should have equal rights when requesting a home; they should not be discriminated against when requesting a job. They should also have the opportunity to train for specific jobs so they can provide for their children. That is what we must do."

Another viewer comments on the issue of ideological violence and asks: "Don't you think that with your way of being you contributed to Colosio's assassination?" Lolita de la Vega says: "That is terrible." Cardenas replies: "I do not believe I did." De la Vega says: "I am sure you did not."

De la Vega continues to read letters sent in by viewers. A viewer from Veracruz wonders where Cardenas will get the money the Mexican people need. He wonders if Cardenas will borrow the money as other presidents have done. Cardenas answers: "No. We will have to work with a budget. We can only spend what we receive." De la Vega asks: "What if that is not enough?" Cardenas responds: "We must find a way. We must better distribute our resources. We must boost production. We must ensure greater production, resources, more taxes." De la Vega says: "But the people will not like the idea of more taxes." Cardenas responds: "Not higher taxes. We need to get more people to pay taxes. It does not mean we will increase the taxes for those already paying taxes."

An unidentified caller asks Cardenas about his plans to promote foreign investment in Mexico. Cardenas replies: "As I said earlier, we must bring back trust and create the necessary conditions for foreign investment to return to Mexico. Foreign investment must be mainly in the production sector. It should promote new projects that will create new jobs." Cardenas continues to say this is possible with "an honest government, a government that does not accept bribes and commissions, a government that does not demand a share in investment, a government that will treat everyone alike and give advantages to those who wish to come to the country and take the risk to help the country progress."

Again on the topic of women, Cardenas is asked about his plans for women should he win the elections. Cardenas reiterates women should have the same rights as men to an education and a job. He adds many people must understand the rights of women must be respected. Cardenas adds: "We must be aware women will need special work schedules. We have made women responsible for the care of children, old people, and the sick, and something must be done to help them."

Lolita de la Vega then asks Cardenas how many women candidates for the Senate his party will nominate, and he says at least 30 percent of the nominees will be women. When she asks why only 30 percent when women constitute 52 percent of the Mexican population, Cardenas responds: "Because we are advancing slowly. There are parties which do not even have that many women candidates. This is a first for the PRD, and I hope we will be able to do this. It is often not easy to find people to work with."

A caller asks Cardenas about differences between the political platform he had when he was a PRI member and his current platform. Cardenas replies: "If you read the two platforms carefully, you will find that there are not too many changes." "This platform states the need to make democratic changes; the need to build a democracy in the country." Cardenas continues: "The only difference is that we are opposed to corporate unions and corruption. We want a pluralist government. We believe in changing political and economic policies. We believe in seeking other social opportunities. That is the basic difference between the two platforms."

Asked about the budget he plans to allocate for education, Cardenas says: "We must strengthen the budget for higher education. We have said that the education system should receive at least 8 percent of the budget, but it would be great if we could allocate more than 8 percent."

Regarding the loan U.S. President Clinton made to Mexico the day after Luis Donaldo Colosio was assassinated, Cardenas said: "It was done to save the country's economy. It was to keep our currency, which is already weak, from falling. The U.S. Government undoubtedly gave political aid to the Mexican Government. That is the existing relationship between the two governments, and I hope that this help, whenever it is positive help, will continue once another administration assumes office."

Lolita de la Vega reads the final question for the evening: "Will you accept the elections results even if you lose?

Cardenas responds: "The important thing is that we have clean elections in the country. This is not something we should see only on election day. We must begin to see it today. If observers are allowed to come and observe, if all political parties have access to the data on the electoral lists, if we see that mistakes in the electoral lists are corrected, then we will see that the conditions are right and that there is a willingness to guarantee that the results are accurate. At that point we will all have to admit that they were clean elections. These changes, however, must begin right now. They cannot wait until the last day. It is a process that takes months to conclude."

Costa Rica

President-Elect Figueres Interviewed

PA1404014694 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 12 Apr 94

[Report on interview with Costa Rican President-elect Jose Figueres by reporter Roberto Reyes at Toncontin International Airport; from "The Morning Paper" newscast; date not given—recorded]

[Text] Costa Rican President-elect Jose Maria Figueres and his entourage are en route to El Salvador. Members of his cabinet are also accompanying Figueres, who will take office on 8 May. We have Figueres' remarks while he was at the country's largest airport, Toncontin International Airport.

[Begin recording, in progress] [Figueres] ....the meetings I will hold during the coming months, such as the Ibero American meeting, which will be held in Cartagena in June. (?My meeting here) was very advantageous. I want to have the best of relations with Honduras. I want to have constant, permanent, and very fluid relations that will allow us to deal with our problems.

[Reyes] Mr. President-elect, will Central America's integration be strengthened now that Costa Rica will be participating directly and firmly, and did you discuss Central America's drug-trafficking problem with President Reina?

[Figueres] President Reina told me of his concern and firm decision to combat every manifestation of drug trafficking. We have that same idea in Costa Rica. I believe this is an area in which we can cooperate and truly strengthen both countries' efforts to be more effective. Drug trafficking is one of modern society's everyday problems today, and we must do everything within our capability so that the problem will not affect Honduras, Costa Rica and, of course, other countries. I believe this is an area in which we can make great progress with our other Central American neighbors.

[Reyes] Will you continue to visit Honduras after you are president?

[Figueres] Of course, quite frequently. [Words indistinct] of seeing me here.

[Reyes] Was Central American integration the main topic you discussed with the Honduran president?

[Figueres] Yes. Costa Rica is keenly interested in making a significant contribution to a more effective and beneficial integration by all of our countries.

[Reyes] What effect will the North American Free Trade Agreement between Mexico, Canada, and the United States have on Central American unity?

[Figueres] That must be decided by all the presidents and countries. It is, of course, a topic we must study, and I am sure it will take up a considerable portion of agendas for future meetings we will hold.

[Reyes] Has your assembly made any arrangements for Costa Rica to finally become a member of all the Central American organizations?

[Figueres] We are going to have a new assembly, and we will have to see what the deputies think. Meanwhile, we can make progress in many other areas. There is much to be done concerning the economy and trade, and we want to do all we can to emulate Honduras, which is engaged in a permanent struggle for Central American integration.

[Reyes] Are your views on this issue essential to a decision by the assembly?

[Figueres] I do not think so. Our legislative branch is independent of the executive branch. I can contribute my grain of sand so that things in Central America will go as well as possible within the legislative sphere. Certain sectors in Costa Rica oppose joining the Central American Parliament, however, and I hope that as time passes we will gradually defeat that position. I will not engage in that debate for now; we must progress in other issues, an attitude which is much more positive and constructive.

[Reyes] In conclusion, Mr. Figueres, did the Honduran president confirm to you and your entourage he will attend your inauguration on 8 May?

[Figueres] He did, and I am very pleased and satisfied over that.

[Reyes] A final word for the Honduran people?

[Figueres] A strong embrace, a warm greeting, and wishes of success for the four years that lie ahead. Costa Rica will always be at your service to help as much as it can, be it a little or much. [end recording]

Free Trade Agreement With Mexico Signed

PA1304201294 San Jose LA REPUBLICA in Spanish 6 Apr 94 p 12A

[Report by Wilmer Murillo]

[Excerpts] Mexico City—Mexican President Carlos Salinas de Gortari and Costa Rican President Rafael Angel Calderon yesterday signed a treaty that establishes a free trade zone between the two countries. [passage omitted]

The Free Trade Agreement [FTA] covers issues such as access to markets, norms of origin, agriculture, technical hours, phytosanitary issues, protection measures, disloyal actions, government purchases, investments, services, intellectual copyright, and settlement of controversies. The agreement will allow a better flow of trade and investments, and it will entail growth and welfare for the two countries.

According to political and business leaders, this is the most advanced agreement signed to date between two Latin American nations; and it will have particularly beneficial effects for Costa Rica, whose trade balance with Mexico has a 90-million colones deficit.

Certain Mexican newspapers said the treaty was not timely and prompted by the two countries' political interests. Nevertheless, the deep emotion that prevailed during the ceremony where the document was signed proved the need to reassert historical and cultural ties with Latin America after joining the great northern trade bloc—NAFTA with Canada and the United States.

Samuel Yankelewitz, president of the Chamber of Industries, emphasized the treaty is very technical and includes all the necessary elements for things to work correctly. Although he admitted it was certainly necessary to hasten things because the current administration is about to end, he warned that things were done correctly despite the haste. This resulted in a fair and balanced treaty for the two nations.

Doris Osterlof, executive director of the Chamber of Exporters, referred to this issue and said businessmen are ready to face the challenge of competing with the Mexicans. "We have an industry that is ready because we have experimented and competed in the Central American market for 30 years. Now our industry will expand its limits to the Mexican market," she said.

According to Costa Rican businessmen's estimates, the country may quintuple its current exports to Mexico in five years—from 60 million colones to 250 million colones.

Carlos Alvarado, president of the Chamber of Commerce, announced that businessmen began their contacts this week to attract foreign investments from Costa Rica to Mexico.

The Mexican and Costa Rican stock exchanges signed an agreement after the FTA was signed, opening the market to new financial opportunities; and the International Bank of Costa Rica (BICSA) announced it will open a new support office in Guatemala to study the possibility of going to Mexico. This way the bank can continue to support everything dealing with foreign trade, BICSA Vice President Arturo Cuevillas noted.

According to official sources, the FTA signed yesterday will allow investments in Costa Rica to increase by approximately 10 billion colones. The possibility is a result of the attraction Costa Rica will have as a point of access to a market of 90 million people. Mexican businessmen will be able to install their factories here and export to their country. Currently 80 billion colones, approximately 8 percent of the GDP, in Mexican capital has been invested here.

Meanwhile, businessmen from other countries who are seeking access to the Mexican market through the tariff advantages that the agreement grants products manufactured in Costa Rica, will be able to do so. Hitachi, National Batteries, Ticatex, Cocoa Products, and Salas Lizano are included in that category.

The agreement foresees the immediate elimination of tariffs for 70 percent of the Mexican exports; for 20 percent in five years; and for 10 percent in 10 years. Also, 75 percent of national exports will be cleared immidiately; 15 percent will be cleared in five years; and 10 percent will be cleared in 10 years.

[Box, p 12A]

The Mexican authorities accepted last minute changes to the FTA, allowing Costa Rica the possibility of exporting 5,000 tons of powdered milk per year to that country." Meanwhile, "Mexico will be able to freely export condensed and evaporated milk to Costa Rica.

Foreign Minister Views Good Ties With Chile

PA1304222394 Mexico City NOTIMEX in Spanish 2006 GMT 12 Apr 94

[Text] San Jose, 12 Apr (NOTIMEX)—Costa Rican Foreign Minister Bernd Niehaus highlighted today the process of strengthening political, commercial, and cultural relations with Chile.

Niehaus made this acknowledgment while awarding the Juan Mora Fernandez Order, the highest award given by Costa Rica to a foreign representative, to Chilean Ambassador Benjamin Maluenda, who is ending his diplomatic term in Costa Rica. Niehaus underscored "Chile's will to further its close and constant cooperation with Costa Rica and, especially, the sense of honor with which it has conducted its foreign policy regarding our country."

The foreign minister reviewed the deep roots of friendship that unite both nations "since the dawn of our independence in 1821." He recalled Costa Rica's debt to Chile in the fields of health, culture, and education. Many Costa Rican nationals have gone to Chile to study, and, "today, they serve our country with the knowledge they acquired in that great nation." Niehaus acknowledged the benefits obtained by Costa Rica "when thousands of Chilean exiles came to give us their knowledge in universities, the theater, and other fields of culture. We also render homage to the Chile that has been returned to its sons, the Chile that has always been democratic and independent, the Chile of the quiet heroes who held their heads upright when they faced despotism, the Chile that gives its word and keeps it, the Chile that shakes your hand and keeps it firm," the foreign minister stated.

The Chilean ambassador expressed gratitude for the distinction and said it marked the wonderful relations between both countries, which "continually grow stronger to our mutual benefit." Chile and Costa Rica march on different roads, but toward a similar destiny of

prosperity, democracy, solidarity, understanding, and firm friendship, the South American diplomat stated. El Salvador

Private Enterprise Association on Trade Accords

PA1304205894 San Salvador Radio Cadena YSU in Spanish 1800 GMT 11 Apr 94

[Report by Enrique Lemus, from the "YSU Radio News" newscast]

[Text] The National Association of Private Enterprise, ANEP, is sponsoring a series of activities to establish conditions for participating in international free trade agreements. ANEP General Manager Juan Hector Vidal has said that the necessary efforts are being made to begin free trade with Mexico. Negotiations between Costa Rica and Mexico have been concluded, and, according to Mr. Vidal, the same trade relationship will prevail between Honduras, Guatemala, and El Salvador—countries which comprise the northern Central American triangle.

[Begin recording] [Vidal] Individual negotiations are provided for in the general agreement protocol signed last year in Guatemala. We know Costa Rica and Mexico signed last week, and we are now trying to sponsor a northern triangle, in conjunction with Nicaragua, to speed things up and achieve the same conditions that Costa Rica now has with Mexico. Otherwise, if we do not achieve the same conditions, preferential treatment for Central American imports and exports could be lost. Moreover, we risk a diversion of trade and investments to Mexico given the advantages offered by the treaty with Costa Rica.

[Lemus] What will happen to the CA-4 Group [Central American Four]?

[Vidal] Well, a political decision has been made to expedite the negotiations. You may remember that a large Mexican delegation of private entrepreneurs and government officials met with their counterparts from the northern triangle countries—meaning Guatemala, Honduras, and El Salvador—four weeks ago. That was a visit... [pauses] I wouldn't characterize that as an exploratory visit; it was a visit to establish the rules under which Mexico would be willing to negotiate.

We now need to define the conditions under which we are going to negotiate. A trade and investment agreement is not reached on the basis of impositions but through negotiations. Accordingly, we are trying to inaugurate, under the auspices of the ANEP, a seminar on rules of origin that are essential to these kinds of negotiations, because this is how rules are established for national products that are being traded. [end recording]

Mr. Omar Rodriguez, a member of the ANEP, said that in El Salvador's case, ANEP held a seminar on Monday to explain the rules of product origin as they apply to free trade agreements.

[Begin recording] [Rodriguez] The rules of origin seminar was organized by [words indistinct] and the ANEP to provide training—for Salvadoran businessmen and government officials—on rules of origin, which is basically the most important issue in free trade negotiations.

[Lemus] What are rules of origin?

[Rodriguez] Rules of origin define the nationally-produced components of each product prior to its exportation. In the case of products included in a free trade agreement, rules of origin define the country of origin's share in manufacturing the product that is being exported. This is important because it is meant to prevent three-way trade—in other words, that finished products be taken from a given country to, let's say, Honduras so that Honduras can export it to Mexico as a Honduran product, when in fact it is a product manufactured in another country. This is what rules of origin try to prevent.

[Lemus] As for free trade agreement, it is known that Costa Rica has already signed something with Mexico.

[Rodriguez] Costa Rica already signed a free trade agreement with Mexico. This does not include other countries in Central America. The northern triangle countries—Guatemala, El Salvador, and Honduras—have organized joint negotiations with Mexico. They will try to come to some agreement as soon as possible, eventually establishing a relationship with the United States and possibly with Canada. [end recording]

Last week Costa Rica signed a free trade agreement with Mexico. Honduras, Guatemala, and El Salvador will do so jointly when these countries' authorities feel conditions are favorable.

Guatemala

De Leon on Possible State of Emergency, Issues

PA1404121794 Guatemala City SIGLO VEINTIUNO (MAGAZINE 21 Supplement) in Spanish 10 Apr pp 4, 5, 6

[Interview with President Ramiro de Leon Carpio by reporter Juan Luis Font at the Presidential Palace in Guatemala City on 6 April—first two paragraphs are introduction]

[Text] It is the first Wednesday of April at 2200, and the Presidential Palace is full of people. President Ramiro de Leon Carpio has been talking for more than one hour with a delegation from the private sector, among whom are Peter Lamport and Victor Suarez. It appears the give and take on tax reform—seen by the government as salvation from the financial chaos in which it finds itself—still have a long way to go. In the Room of Mirrors more than 30 union leaders are waiting for the government's last proposal to end the two-and-a-half-month old bureaucratic strike. Via the president's private telephone line, the deputies are requesting

a midnight meeting to discuss the implications of this afternoon's attack on Obdulio Chinchilla.

The economic difficulties, the confrontation with the public, the new acts of violence, which have added to the air of xenophobia, and the murder of the Constitutional Court president all seem to indicate a slowly simmering plot and an urgent need for a state of emergency. The stew of the crisis is on the verge of boiling over now, and the president has his back against the wall.

[Font] It appears someone is bent on forcing the suspension of guarantees.

[De Leon] There are many theories on the origin of violence. One of these points to a group which wants to destabilize the government, create anarchy, and force me to decree a state of emergency.

These sectors believe a suspension of guarantees would bring benefits, but they do not realize if this is decreed we would utilize the full extent of the law. Our security forces would be ready to operate efficiently. We are already prepared should this occur.

[Font] If the government is prepared to take action in a state of emergency, does this mean the decision to implement this state of emergency is imminent?

[De Leon] Every president can count on this resource. I do not rule it out.

[Font] Why did you decide to postpone the measure?

[De Leon] Because it has its disadvantages. Our security forces do not have enough training to act in these circumstances. Meanwhile, the state of emergency would interrupt the legislative election process. In addition, our image would suffer internationally.

[Font] Could the UN Verification Commission, which was recently agreed upon with the guerrillas, carry out their duties with suspended guarantees?

[De Leon] Probably not. It is possible the liberties granted to the Verification Commission in the agreement with the guerrillas, such as unrestricted access, would be restricted in this case. The subversives could use this as a pretext not to fulfill the agreement.

[Font] You only mentioned specifically the guerrillas as one of the sectors that could be interested in putting you up against the wall concerning a state of emergency decree. Who are the others?

[De Leon] The sectors that after 30 years of war still have not understood democracy is the best road for the nation.

[Font] Are there members of those sectors in the Army?

[De Leon] No, not there. Outside the Army it is possible, not inside.

[Font] You have given a greater role to the Army than your predecessors in formulating your government policy.

[De Leon] No. I have not given a greater role to the military than other governments. To which officers are you referring?

[Font] It is said the center of power revolves around the Presidential Staff chief and the G-2 [military intelligence].

[De Leon] Many things are said. It is also said Finance Minister and Presidency Secretary Ana de Molina has all the power, or that Foreign Minister Martiza Ruiz is the superminister. Both are excellent government officials. This is the case of Colonel Otto Perez Molina. He is a leader within the Army, and, of course, he had power because he is near the president.

[Font] Is that why he is establishing your government strategies?

[De Leon] He does have some degree of participation in defining government policy, but it is limited to certain areas. So much is being said, but a president needs his team.

[Font] Why did you appoint Colonel Mario Alfredo Merida, former military intelligence director, as the deputy government minister?

[De Leon] I need him to coordinate the security forces. He is a brilliant and very capable officer, and the people are demanding security.

[Font] Doesn't that mean the military is gaining greater influence within your government?

[De Leon] The Army did not suggest the appointment, nor did they impose him upon me. I asked him to take a job in which he will be extremely useful to me. His experience and the kind of information he handles make him the best possible coordinator I could have for the security forces. Military cooperation is needed now. The Armed Forces and I agree on the need to demilitarize the public security system, but there must still be a transition period from one state to the other.

[Font] First, you appointed a completely civilian security team. What made you change your mind?

[De Leon] I realized we had made a mistake. We tried cutting off military participation in matters of public security completel but we were unable to do this. I realize this could be seen as regression, but I do not mind. I am sure I will lay the foundations for a professional civilian security force.

I avc not given the military more participation than other governments have, as you charged. What I did do was consolidate the Army's institutionality. That, I did manage to do. I feel fully in control now. The current

military leaders back the president, and they have a very clear picture about my government's objectives and their commitment to democracy.

[Font] Most people believe, however, removing General Jose Luis Quilo Ayuso has also created division within the institution, between those who believed in him and those who follow you.

[De Leon] No one questioned my decision to remove Gen. Quilo. One does not question an order in the Armed Forces; one obeys it. Quilo's outburst was an understandable reaction to his discharge.

[Font] Many say you are a dubious and undecided president who has let things get out of hand.

[De Leon] There are very few who say I am dubious and undecided. When I tour the countryside, even here in the city, people always tell me encouraging things in the street. If the polls say my popularity is slipping, we must remember no one has ever received a country in worse condition than I did. Furthermore, I have not exactly chosen the easy way of solving problems.

[Font] You and your government have been criticized for being slow to react to the Constitutionality Court president's death, for example.

[De Leon] It is unfair to say the government or the president was late in reacting to the death of Chief Justice Gonzalez. Barely minutes after the incident we put all our resources into motion to investigate the crime and protect his family. I went to the funeral, and almost all the cabinet members were there.

[Font] The investigations do not seem to have produced any results. Will international experts be called in to resolve the case?

[De Leon] I understand the desperation caused by an unresolved political crime, such as the Epaminonda Gonzalez case, but we do not plan to bring in international experts to conduct investigations.

Violence is the country's most difficult problem I have had to face. Certain people have asked me to act strong-handedly, knowing this cannot be done. We must act in accordance with the law. Under current circumstances, with a judicial branch as the one we have and the kind of Congress we have had thus far, what do you expect me to do?

I cannot promise I will stop violence, as first I would have to resolve the problems that cause it. After so many years of social injustice, I hope to lay down the foundations for future solutions.

[Font] Are you concerned about rumors the U.S. Embassy has reinstated an old plan to evacuate U.S. citizens should there be more violent actions against them?

[De Leon] There is a xenophobia in Guatemala that has even reached the U.S. Embassy. The media should help eradicate that xenophobia, which has become another method of destabilization.

[Font] On another subject, at the current pace it seems by the end of your presidential term the economic crisis will be worse than now.

[De Leon] No. We will straighten out public finances. We will achieve our goals in tax revenues and social investment. For the first time in many years, 28 percent of the budget will be invested in the country. We are working in the country's interior, although you may not see it.

[Font] Why have you found it so difficult to implement tax reforms?

[De Leon] Who says it has been difficult? Only a short while ago we started evaluating, together with the private sector, the tax reform options recommended by the economic cabinet.

[Font] Don't you believe you are making too many concessions to the private sector?

[De Leon] Of course not. If for any reason whatsoever I have taken my time in approving the tax reforms it is because I want to take the necessary precautions so as not to affect the people and to ensure those who can afford to pay more taxes.

[Font] Will you be the president who sells off state property?

[De Leon] I plan to be the president who breaks up monopolies whenever necessary, privatize whenever it is necessary, and sell off state property whenever it serves to benefit consumers and modernize the country. I do not plan to do it just to get rid of any debt but, rather, to reorganize the state.

[Font] Are you willing to end monopolies and privatize in exchange for the private sector being willing to pay more taxes?

[De Leon] There is no on-going negotiation between the private sector and the government leading to tax reform in exchange for privatization. Decisions related to ending monopolies and privatizing were already included in the government's agenda when I began my administration. If anyone has any doubts, they simply have to check out the documents we published at the time. This process is going to take place openly.

[Font] Do you agree with the concept of fiscal crime?

[De Leon] I do. I believe certain minimum penalties could ensure more efficiency in the process of tax collection.

[Font] Concerning the rapprochement between the executive branch and Congress, can this be interpreted as a political understanding that eases the way to the approval of new laws?

[De Leon] No. There is no other agreement between the government and the political parties except that which was signed before the bishops.

[Font] Do you feel the people appreciate you?

[De Leon] I feel misunderstood by a vast majority of the public.

[Font] How do you want to be remembered?

[De Leon] I want to be remembered as an honest president who combated corruption and achieved peace.

[Font] What assets have you declared?

[De Leon] Two homes, my office, my bank accounts, and my wife's Antigua farm and home. The house from which I escaped through the roof on 25 May was rented, but I am going back to live there.

[Font] Do you consider yourself a daring president?

[De Leon] Yes, but I have my own style. I do not go boasting about it like others. I play chess, and I venture to play on several boards at the same time.

[Font] Do you consider yourself as daring in your private time?

[De Leon] I can tell you that several days ago I was swimming in the turbulent waters of the Pacific. I like to climb mountains. Nevertheless, I would say in my private life I do not run so many risks.

[Font] What dictatorial action tempts you?

[De Leon] I would like to resolve the nation's violence.

[Font] How did you react to problems as a child?

[De Leon] I always faced them. My mother insists I never told lies.

[Font] Invalidation of the preliminary hearing against you infers something else.

[De Leon] It does not. Invalidation of the preliminary hearing against me is irrelevant. I was surprised by this action and not at all happy the deputies put me in the same boat as the others. Besides, the preliminary hearing against me is based on a ridiculous accusation of human rights violations, given the hike in electricity rates.

[Font] Do you fear the coming months?

[De Leon] Not at all, the coming months will be difficult but not insurmountable. I am sure, thanks to the measures we are taking, the force of order, the force of a government that is not weak, will be felt.

[Font] With an electoral process on the doorsteps, it is easy to assume the violations will be heightened in the coming months.

[De Leon] We are at the end of three decades of political and common violence. Following the signing of the agreement with the guerrillas two weeks ago we are very near to securing peace. The road we still have to cover is very thorny. To that, one must add violence, which an electoral process always generates. I am well aware of all of this, but I believe this will be the last breath of violence in Guatemala, but what can I do? The people approved the legislative elections in a referendum.

Honduras

President Reina Holds News Conference

PA1304203794 Tegucigalpa Voz de Honduras Network in Spanish 1807 GMT 13 Apr 94

[News conference by President Carlos Roberto Reina with unidentified reporters at the Presidential Palace in Tegucigalpa—live]

[Text] [Reina] Distinguished guests: The media have produced in the past few days a number of reports on various aspects of national life. Far from considering such reports as negative expressions, I consider them to be positive, because the people have high expectations and want to see the implementation of a number of actions that are in line with our proposal for a new style of government and a moral revolution for everyone.

People know that this new course of action will soon be established and want to participate. We have encouraged this process through the establishment of a great national consensus on which we are working intensively. A government that establishes a new style also generates a new style of response. No longer is there in Honduras a government that subjugates and paralyzes the people. It is now trying to establish power... [pauses] the role of co-protagonist in [words indistinct]. This is essential (?under the circumstances).

We anticipated this in our messages of 27 January and 7 March. In them were clearly established the [word indistinct]. My next lengthy speech will be on 8 May, although on that day I must travel to Costa Rica for the new president's inauguration. That speech could be delivered a day early or a day late. In that speech, marking 100 days in office, we will advance in our efforts to keep our people informed.

We maintain an impartial position as we try to fulfill state duties. The people gave us a very clear mandate: to attack the problem of corruption in all its forms. This government is committed to establishing the bases for tackling this major problem. It is neither easy nor feasible in only 60 days to change situations that have been present on national territory or in the mentality of many of its protagonists.

Among such reports there was news of a plot against the president of the Republic. This was analyzed in various forms, but the truth is that the people have detected that persons involved in very deplorable activities have tried to carry out this kind of attack on Honduran democracy.

And lately, there was the news of a coup d'etat. I understand that those charges are based on reports from human rights organizations that wish to prevent in Honduras acts that are so negative and so outrageous, not only to the nation's dignity but also to constitutional rule and to the strength of democratic institutions.

I am ready for your questions. I wish to reaffirm my intention to maintain the best of relations with the media. I will do whatever it takes to contribute to this with utmost frankness and to promote greater rapprochement. I want the common man in Honduras to benefit from correct information and information that is not distorted in order to ensure that the people are well informed. This is a requirement for all free men.

[Reina] I want to take this opportunity to thank General Luis Alonso Discua Elvir for his statements, which I think are very timely and very correct. We must analyze their extraordinarily positive nature, because they reaffirmed support for civilian power and for the great strength of democratic institutions. I believe the Armed Forces will play a new role as an institution within democracy to contribute in order to the country's development, to fight corruption, and to improve the general situation of our compatriots. This new role reflects a new mentality, which is totally contrary to the ideas of making attempts against the people's sovereignty by threatening state institutions. I am now ready to answer your questions.

[Reporter] [Words indistinct] criticisms against government. First there were reports of a plot and now of a coup d'etat. As president of the Republic do you think there could be a coup d'etat in Honduras? Also, what is the situation with regard to the plot, since the suspect was released?

[Reina] I look at both situations in a positive way. With regard to the plot, we will have to publish a white paper so that the people can have all the [two-minute break in reception] the Armed Forces. We are now getting used to this new style. These rumors alert the people, so they can defend their institutions and prevent any intention that could exist in the minds of anyone, meaning anyone who is against the moral revolution. After 8 May, when we will have names and specific cases, you will see those reactions intensify. They will try to seek things. What for example? Many Liberal Party members are impatient because their hopes of getting a job with the government—which were fully justified—have not been fulfilled. If 1 million Liberals vote for the Liberal Party, not all of them can get a job with the government. Good citizens understand this, are patien. and above all, they want this to be a good government in order to have the opportunity to stay in power. In that sense, all good Liberals know of our desire and intention to satisfy their needs.

[Reporter] [question indistinct]

[Reina] The IDB [Inter-American Development Bank] is an economic organization. It analyzes the country, and, however, the country is run by the Executive Branch. All they do is give ideas as to what they believe could or should be done. I am not going to go into a detailed discussion of the Armed Forces economic activities. We have referred to that before. However, it is not the IDB which leads this country. It is the Executive Branch and the other branches of the state, within the realm of their duties, which run the country and it is with them that we should discuss all the details of this situation.

When they hear the news, those who oppose the government want to interpret it negatively. We have had to take specific actions. There was talk that no actions were taken. We did so in order not to affect the large majority as was been done in the past. Instead, we sought solutions to that bad tradition which many do not want mentioned.

However, after two months [in office], we do have to talk about the way we received the country. It is our obligation. It is not an excuse, it is a reality and measures have been taken. But I do not accept the charges that when there were invasions it meant that there was anarchy. Actions were taken to dislodge the land invaders, and then there is talk about brutality in the methods used. This is a true picture of ill faith. This is not correct because we are acting very correctly. Some of the values of this government have not yet been perceived by the majority. One of them is the honesty with which we handle the government. It will yield its fruits, but it is a matter of having patience to consolidate the great values of democracy.

[Reporter] Recently there has been much criticism of your government. Labor, peasant, and private sectors [words indistinct] of your own party, what do you think is the reason for this criticism? Do you think that your government has lost popularity or credibility?

[Reina] Popularity is a value I appreciate, but if your president is going to act based on keeping or losing his popularity, then he could make big mistakes.

Criticism comes from sectors that do not want this government to move ahead with its theory of a moral revolution. When the presidential designate said that some of the measures could cause disappointment, that was interpreted as if the government lost its credibility. But that is not true. As long as the people trust that the moral revolution is on and that it will give the people all their rights, the people's trust will constitute the government's main source of support. There will always be criticism. Some will be right. However, what we do not want is for misinterpretation of facts to prevail. For example, the story that someone can tell, from such a

long distance, that the United Nations wants a coup d'etat in Honduras.... [pauses] this is where I call for your understanding and help. How can it be that a human rights organization, an organization to defend man, could perceive that the government is threatened? The organization reported it. That is a defense. Just as Costa Rica's solidarity is a defense, Costa Rica has proven its solidarity in a thousand ways and so has President Gaviria. He expressed his solidarity as the new OAS secretary general. I also received a very flattering note from U.S. President Bill Clinton. These are facts that show that Honduras' image is an excellent one in the eyes of all democrats on this continent and the world.

[Reporter] When we talk with the people, including the leaders of the Liberal Party, everyone agrees that the population is dissatisfied. The vice president of congress told us just yesterday that you should fulfill your campaign promises, because there is enormous doubt among the people, which could polarize the country. That could end up who knows where. I would like you to expand on this a little, because the voice of the people is saying that your campaign promises are not being fulfilled and there is discontent.

[Reina] I am glad you asked me that. I am going to fulfill all of my campaign promises. I am not going to miss any of them. If, by the end of my four years, I have to say that I was unable to accomplish something I had promised, I will do so honestly. But what were my campaign promises? We must constantly remind everyone. My main promise was to promote a moral revolution in Honduras. It would not be true to say I have failed to meet that one. I promised to select the best Hondurans to lead the Executive Branch. I fulfilled it. I promised to restore justice in Honduras. The Supreme Court of Justice is a guarantee for juridical security. I cannot change these promises, and I am going to keep them.

I have not said that the media in general misinterpret the facts. I have said that sometimes, under certain circumstances, the media have published an interpretation of the facts that differs from my analysis. An example is the UN issue, and another example is the plot to assassinate me. This is not the first time, either. Once, during the campaign, the media said I had passed away, and when I reappeared they said I invented the report myself. The same is happening now with this thing about a plot. It is all an effort to hurt me or harm me, because everything is subject to interpretation. I am not the kind that hides cards up his sleeve or contradicts himself. I stand by my principles. I have not failed to fulfill any of my promises. I hardly made any promises.

What did I promise to do? I promised to throw all the thieves in jail. How can anyone expect all of the thieves to be shaven and groomed and in jail after just two months? I promised to carry out a moral revolution; not hold discretionary funds; be thorough in overseeing the people's money.

If you speak to any member of the PLH [Liberal Party of Honduras] who has not managed to fulfill his legitimate aspirations, he is not going to be very happy. He will say that he struggled for so long and is still living poorly. That is perfectly understandable, but that does not make that PLH member an enemy of the government. He is a citizen who has the absolute right to demand understanding and claim his share of well-being from the government. This is not a loss of credibility. It is impatience to see the government's objectives fulfilled.

I will be in continuous contact with the media. I have the greatest appreciation for all of you. Our state of underdevelopment leads us into somewhat uncomfortable situations. When I arrived at the Copn Sula Hotel [as received] in San Pedro Sula the other day, I encountered 50 reporters all hurrying to get the scoop—which was very logical—and they almost smothered a woman who was just there to deliver an envelope. She is a very respectable lady, and she almost collapsed. Situations such as this are sometimes misinterpreted. I would ask you not to promote such misinterpretations, but to try and achieve an open and frank flow of communication. I am an honest and open man, and I have nothing to hide from the media or from anyone. I hereby submit each event of my public and my private life to tour consideration. I have not contradicted myself on this matter either. I have not failed to keep any of my promises. I have not yet had enough time or space to fulfill everything I promised. These are all a matter of principles: to promote a moral revolution; to fight corruption; to tell the truth; and to guard the public funds. These promises, you can believe me, I have kept.

[Unidentified speaker] Lourdes Janet Bonilla.

[Bonilla] [Words indistinct] government institutions and this hinders the country's socioeconomic development. He has said that medium- and long-term measures will have to be adopted immediately to prevent an imbalance in the country's economy. What can you tell us about that?

[Reina] There are some tremendous contradictions. They are demanding measures that could damage the economy of a people who are facing a very difficult situation. I made a promise to defend the poor in Honduras, and they are the majority, and I am doing all that I can to keep that promise. The organizations at times can be very cold, but I have to admit they can help us. This will be proven when we show that the public funds are being handled properly. The organizations become upset when they see that the aid they are providing does not reach those it was intended to help. I believe that even the charges made in New York will work for the good of the government. No one makes charges for something to happen; they make charges to ensure that things do not happen.

Honduras has a new image. Everyone knows, and everyone has admitted, that Honduras' image suffered during the Cold War. Today, Honduras' image has

regained prestige. It has a legitimate government and authorities who want to work for the good of the people.

[Unidentified speaker] According to the press secretary of the Office of the President this will be the last question. Let us hear what the president has to say. Basically, he is analyzing his government and the international image his government been able to project.

[Reporter] [Words indistinct] Merchant Marines to the military, that Hondutel [Honduran Telecommunications Enterprise] be privatized, and that the draft be abolished. Do you believe that this would hinder the relations between the government and the Armed Forces? What do you think your government should do in light of the verbal confrontations between the Honduran private sector and the Armed Forces?

[Reina] The steps you have mentioned are logical steps and there is no reason why they should create problems between the military and the civilians. The talks in Brussels will be open talks. The highest scientific, technical, and ethical international authorities will attend the talks. There will be nothing hidden. We are going to accept the ruling.

Now, regarding the other two issues, the Merchant Marine and the draft: the Executive Branch has drafted a bill on the military draft and it is going to be submitted to the Legislative Branch. We have taken our time on this to ensure that the draft bill has been done properly. We do not have to improvise because improvisation only leads to problems. The draft bill will be submitted to the National Congress sometime next week. The Merchant Marine issue is being studied, and I am pleased to tell you that the Armed Forces has not defied me on this.

Regarding the confrontation between private enterprise and the Armed Forces, it is all a matter of the new times in which we are living. We are undergoing a period of economic changes. We have seen that the institutions that (?protect) their employees social security rights and retirement have money, and we must put that money to good use. This creates competition for the private sector. However, a balance must be kept. As long as the Armed Forces refrain from using their military power for economic pressure, I believe they are in their right to do what they think is correct. What would be serious would be for the Armed Forces to abuse their power to compete. That is the balance my government has established, and the soldiers I have talked to agree fully with me.

[Reporter] [Words indistinct].

[Reina] What everyone has is the goodwill to help our people overcome their problems.

[Unidentified speaker] This is Voz de Honduras broadcasting from the Presidential Palace. We are bringing to you a news conference by Honduran President Carlos Roberto Reina. Another question is being asked about internal politics. The Honduran president met with Liberal Party deputies who strongly criticized the government and government operations.

[Reporter] How do you react to this? [Words indistinct]

[Reina] I will tell you frankly. I do not think I will go there at this time. I have talked with them, and the ministers have been instructed to listen to them and tend to them as best as possible. Should any such request be made, I would discuss it with them because the ministers are willing to cooperate. What they cannot do, however, is give jobs to all active members recommended by all the deputies, mayors, and leaders. I think the education minister is excellent; she is doing a very good job in a tremendously difficult ministry. If the minister does not have a good team to control the various agencies, the ministry can get out of hand. This is why I hereby reaffirm my support for her. This I have already done, both orally and in writing, so everyone knows that the president of the Republic backs up his ministers.

[Announcer] This is the news conference held by Honduran President Carlos Roberto Reina at the Presidential Palace press room. He is now leaving for sports activities.

[Reporter] The Honduran president discussed his campaign pledges. One was missing. He did not mention military service as one of the pledges that will be fulfilled, Mr. President.

[Reina] I have said I will present the bill to the National Congress next week. The implementation depends on congressional approval. I have no authority to approve it, but I can defend it in Congress.

Reina, Armed Forces Chief View Coup Rumors

PA1404035694 Tegucigalpa Telesistema Hondureno Television Network in Spanish 0100 GMT 14 Apr 94

[Report by Hector Ordonez]

[Text] General Luis Alonso Discua Elvir, Armed Forces chief, today ruled out the possibility the military will disrupt the democratic process. Nevertheless, while Discua denies any possibility of a coup d'etat, President Carlos Reina affirms the report. Moreover, Discua said he would rather resign than participate in an uprising.

The Reina administration was compelled to organize a news conference to state its position on the prevailing fear among U.S. human rights groups that the Armed Forces will seize power to prevent the abolition of mandatory military service, the privatization of Hondutel [Honduran Telecommunications Enterprise] and the transfer of the Merchant Marine to civilians. The curious thing is the president affirms this new report and the alleged plot that reportedly was prepared against him.

[Begin Reina recording] A white book must be published on the two events, which I must interpret positively. The people should have all the details about that unfortunate plan to end the Honduran president's life. Second, I

reassert it is a report from human rights organizations, because, according to those rumors, they see a threat to democratic government. [end recording]

Other Liberal Party members have been more categorical; the version deserves no credibility.

[Begin unidentified speaker recording] We must not believe it, much less encourage it. [end recording]

Referring to the alleged motives, the president said Hondutel's privatization will be clear; his proposal for a voluntary and educational military service will be presented to Congress no later than next week; the Merchant Marine's transfer to civilians is being discussed, and the Armed Forces have offered no resistance.

[Begin Reina recording] I must state, however, with all the chivalry of the world, I have had no problems with the military in connection with strengthening of the authority the people have delegated to the president of the Republic, who is also commander general of the Armed Forces. [end recording]

Moments later the president and Discua attended a sports event, and they appeared quite relaxed. The general was categorical:

[Begin recording] [Discua] If at any moment Gen. Discua, commander in chief of the Armed Forces, receives a proposal to participate in this type of action, I would rather leave my post than violate my pledge to the Constitution and the laws.

[Reina] That represents the new American military, a new doctrine. The coups d'etat are a thing of the past. The new military has faith in democracy, as the general has said, and let there be no doubt he will honor that new model of a soldier. [end recording]

Given the forceful statements by the president of the Republic and the Armed Forces commander in chief, the possibility the Armed Forces will obstruct the moral revolution has been ruled out.

Presidential Adviser on Coup Rumors

PA1304175694 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 13 Apr 94

[Telephone interview with Enrique Ortez Colindres, adviser to Honduran President Reina and Liberal Party spokesman, with Alfredo Villaclara—live]

[Text] [Villaclara] We are in touch Lawyer Enrique Ortez Colindres, adviser to the president. Is this sort of warning, made even at the United nations—as revealed by Deputy Luis Lagos [regarding a possible coup d'etat in Honduras]—possible at this stage of the process to consolidate Honduran democracy? Good morning, Dr. Ortez.

[Ortez] Good morning, HRN.. I thank you for being so kind to call me, because I would like to comment in two capacities, as the official Liberal Party spokesman and as an adviser to the Presidency of the Republic. It is also worthwhile to say—I hope without seeming pedantic, because I am trying to shed light on this case—that I also speak as former Honduran ambassador to the United Nations.

I want to tell you that about 160 countries are represented at the United Nations, and its members can talk about anything from A to Z. In the assemblies and committees, anyone can talk about robberies, human rights violations, marijuana, cocaine, and gunrunning. Anything goes.

Nevertheless, I do not see how any credence can be given to a coup d'etat in a country as serious as ours; a country that installed a new government, which is supported by the people, not even 100 days ago. I see no possibility of that, and I will tell you why.

First, the Honduran Army took an oath and promised to obey the people's mandate. You could say they offered to do just that under several governments that were dealt coups d'etat. But I want to ask you whether there could be a coup d'etat—you who know Honduras—90 days after a party as strong as the Liberal Party assumed power. I want to ask you if there could be a coup when 1 million Liberals are ready to defend this government. What de facto government could achieve stability given the current circumstances if even strong governments led by tyrants, as was the case in Panama, could not achieve it? You also saw what happened in Nicaragua. You see what is happening in some South American countries and in Haiti, where they have been unable to consolidate themselves.

At present, with the resolutions issued by the United Nations, which brings the international community together, it is difficult for any John Doe to break constitutional order and stay in power. I think that the time for coups is over. Why? Because if support is what is needed at this time, we are capable of showing support. We will make the call within the party and we will urge the 1 million people who supported Dr. Carlos Roberto Reina to make a show of force. You will see what kind of party the Liberal Party is.

It would not be the first time we faced a coup. What has happened when someone dared do carry one out? Corrupt governments that brought virtual destitution to our country were installed. Thus, I do not think it would be possible—in light of the international situation—because there would be no support for it. I do not think it will happen because the Army is obedient. I do not think it could happen because the Army lacks a leadership capable of ousting a democratic government supported by 1 million Liberals and people who believe in democracy. It would be the suicide not of the Liberal government but of the Armed Forces. There are intelligent people in the Armed Forces.

Believe me Rene, I have noticed that selfish interests—the interests of corruption, of sinecures, of all those who have been on the payroll, all those who today are not enjoying privileges from the government because we are

implementing a new system—are trying to promote unrest. I can assure you that this will not happen. As a member of the Liberal Party and as official spokesman, I urge the Honduran people, especially the members of the Liberal Party, to express their support for the government, whose only crime is trying to end corruption and establish a new system of government. It is obvious that the wounded have joined forces because they know that a moral revolution is on and that dishonest people will be put in jail because the Honduran people have elected a completely different person. We can see in the media—spoken and written— that they are trying to exploit the discontent that exists in the country.

Carlos Roberto Reina is not God and he cannot perform miracles. Our country was completely sacked. In December alone, 1 million pesos were distributed in transfers using the people's funds. The previous administration supposedly subsidized kerosene, while three big fish stole the people's money. The previous government sacked Injupen [Retirement and Pensions Institute], so now the 50,000 houses that were to be built for young people will not be built as quickly as planned. The project will not be canceled. According to the director of that institute, only 500,000 lempiras were left. When I was government minister, the contributions and savings of public employees totaled $1 billion, but those funds were misused in risky projects. Land that had been purchased for 1.14 [currency not specified] per square meter was sold the following day for 200 or 300 lempiras per square meter, stealing 40 to 42 million in each of those operations. All this will be uncovered, because this government will make decisions.

Therefore, I ask the Honduran people and Liberal Party members to remain calm but to be alert, because those who lost....[pauses] I am not even blaming the National Party, which suffered the defeat, but people and groups that held sinecure jobs in the past and lived like parasites on the national budget. They are defending their interests and attacking the government to negotiate those shameful salaries that previous administrations paid at the expense of the Honduran people.

Chief of Staff Denies Plot

PA1304210194 Tegucigalpa LA TRIBUNA in Spanish 12 Apr 94 p 12

[Report by Orlando Sierra]

[Text] Colonel Alvaro Antonio Romero Salgado, chief of Presidential Staff, yesterday testified before Lower Court Judge Jesus Martinez Suazo that the much-publicized plot to assassinate President Carlos Roberto Reina never existed. This information was learned in the capital's courts.

Given this, the judge will have to release Luis Rodolfo Hernandez Sosa due to lack of evidence.

Hernandez Sosa, 33 years old and a native of Danli, El Paraiso, turned himself in on Thursday [14 April] after realizing he was the Police's and Army's most wanted man because he was presumably the man who masterminded the plot.

"I will reveal absolutely nothing because that would be a violation of the law," Martinez Suazo said as he left Romero Salgado's office in the Presidential House.

He said the decision on whether Hernandez Sosa would be imprisoned or released would be made today. He added that he would only take into consideration what is on the record.

"I would never take part in any foul play," he said. He was accompanied during his statement by Special Judge Roy Medina and Prosecutors Eidelman Mejia and Omar Borjas.

He explained that conspiracy in Honduras is punishable by two to four years in prison. However, he stressed he has yet to identify the crime that the alleged plot leader may have perpetrated. "The investigation will determine whether a crime was committed," he added, noting that there are legal limits on the time allowed for such an investigation.

He noted that reports published by different media prompted the court to order the necessary investigation.

Regarding Hernandez Sosa's situation, the judge added: "We will either issue an arrest warrant or release him, based on the evidence uncovered during the process."

Martinez Suazo did not rule out the possibility of questioning President Reina and Armed Forces Chief General Luis Alonso Discua Elvir.

As Martinez Suazo heard Romero Salgado's declaration, Hernandez Sosa underwent a blood test in the Legal Medical Department.

He claimed that he had requested the test. "This is all a farce. If the Nicaraguans have already testified, there is no need for me to do so," said the visibly angry prisoner.

He said he is confident he will win his freedom, and, although he promised to "reveal all" to the media, he did not—claiming the media had denigrated him.

"It was you, rather than the authorities, who reported something you should not have. The people I thought were with me were really against me," he said.

Because of this, he said he does not want to say anything else about his problem. "You have hurt me very much, and newspaper reporters have treated me the worst. People behave like Judases, and you intimidate me simply to make a good impression on your bosses," he said defiantly.

He said he was surprised that newspapermen had published so many things against him because he did not deserve those commentaries.

Referring to the president, he said that Reina can do nothing against him because he has told the whole truth. "I am involved in nothing, and I chose to turn myself in because I feel free," he stressed.

He said that as a man he does not lend himself to anything. Therefore, he has nothing to hide. "I am not into drugs and that is why I requested this test," he said.

He said Abdala Gianini, owner of El Millon department store, is a Judas. "I knew him as all employees know their own boss," he said, when stating it never crossed his mind to burn down a paint factory.

[Panama City ACAN in Spanish at 2330 GMT on 12 April reports: "Luis Hernandez Sosa, implicated last week in a plot to assassinate Honduran President Carlos Roberto Reina, was released Tuesday [12 April] due to lack of evidence. The lower court in Tegucigalpa issued a temporary release order for Hernandez Sosa, who had turned himself in on Friday claiming he was 'innocent' of the crime with which he was being charged."]

National Party Urges Support

PA1304180994 Tegucigalpa La Voz de Honduras in Spanish 1145 GMT 13 Apr 94

[Statement by Cesar Castellanos, Honduran National Party leader; place and date not given; from "The Morning Paper" newscast—recorded]

[Text] Good morning, Hondurans. The rumors that are spreading are truly alarming. Two days ago I spoke on another radio network, and [words indistinct] told me about this rumor that is spreading nationwide. I think that all Hondurans must support the constitutional government. The National and the Liberal Parties have had to pay a high price to bring democracy back to Honduras. Ours is a democracy that must be broadened and strengthened.

In addition, rumors of this kind, especially if they are promoted by various national sectors, substantially undermine the country's economy vis-a-vis the international community. I believe and reiterate: We cannot let this government fail, but this government must also act to prevent this from happening. There are no doubts. We sensed it when we spoke with fellow party members and many Liberals. They all agree that people are very disappointed. The government lacks leadership and often improvises because it is not prepared to rule. There is a general feeling that the government makes hasty decisions, and we must find a solution to this. We must unite to find a solution to national problems. This is not about whether the government fails, it is about the system losing its credibility, which might lead people to seek other mechanisms to govern.

I do not think a military coup d'etat would change the country's economic situation because such a forceful action will not bring food or money; it would do more harm. The international condemnation following a coup d'etat would be serious, widespread, and our country would be faced with even worse problems. We have also been in touch with the military on various occasions, and they have expressed their concern regarding the country's economic situation and willingness to cooperate.

I think we should disregard these rumors. Regarding the presidential adviser and Liberal Party spokesman, who commented recently about feeling pressured, I know many people will go out and rush to sell their things because there is a high level of disappointment. I am positive, however, that all Hondurans reject the possibility of a coup d'etat. I reiterate that we must hold a national dialogue. All Hondurans must be aware of their positions. If ordinary people must make sacrifices, businessmen, producers, industrialists, and banks, which have fared well and have increased their wealth substantially, must make even greater sacrifices.

Roundup of Economic Developments

PA1204223294

[Editorial Report] The following is a compilation of reports on Honduran economic developments reported through 12 April.

Tegucigalpa Telesistema Hondureno de Television in Spanish 0100 GMT 6 Apr 94 reports the government confirmed on 6 April that fuel prices will be adjusted every 15 days. A government official said that fuel prices will be based on an average of international prices and that the government will prevent profiteering. It was officially announced on 6 April that electricity rates will be increased for those who consume 300 kw of electricity or more.

Panama City ACAN in Spanish 2141 GMT 11 Apr 94 reports that according to a study conducted by the Honduran Economists Association, food prices increased 21 percent in the first three months of Carlos Reina's administration. Reina's economic cabinet eliminated $8 million worth of fuel subsidies and increased the dollar exchange rate from 6.20 to 7.27 lempiras in March. The Honduran Central Bank revealed that the consumer price index increased 1 percent, compared with 0.2-percent increase in March 1993. Martin Barahona, vice president of the Economists Association, said that 1.5 million people are able to work but 25 percent of them are unemployed or underemployed. Barahona added that eight out of 10 Hondurans live below the poverty level.

Nicaragua

Godoy, Ortega Oppose Economic Measures

PA1404025494 Managua Radio Nicaragua Network in Spanish 1200 GMT 11 Apr 94

[From the "This Morning" newscast]

[Text] Nicaraguan Vice President Virgilio Godoy Reyes this weekend agreed with Daniel Ortega's opposition to the national economy adjustment agreement. On Sunday, Godoy Reyes and Daniel Ortega both said on local radio stations that street violence may erupt if the government implements the economic measures scheduled for this month. Godoy, however, did not say whether UNO [National Opposition Union] will support such protests. The Sandinist National Liberation Front, which has always supported violence, says it will support these events.

Ortega and Godoy agreed the economic measures are very harsh and might prompt disturbances. The leadership of COSEP [Higher Council of Private Enterprise], through its president Ramiro Gurdian, said the measures should be implemented as the only real solution to Nicaragua's economic problems.

Presidency Minister Backs Measures

PA1404042494 Managua Radio Nicaragua Network in Spanish 1200 GMT 11 Apr 94

[From the "This Morning" newscast]

[Text] Presidency Minister Antonio Lacayo said on Friday that the implementation of economic adjustment measures will provide financing for the agriculture and production sectors. Lacayo, while visiting several communities in La Trinidad, Esteli Department, where he inaugurated several projects, said the agreement with the IMF should definitely be signed. Lacayo has said on previous occasions that with or without the support of the Sandinist National Liberation Front, the adjustment agreement should be implemented. He has also characterized Daniel Ortega's objections as political populism.

Panama

Official: Endara To Take Leave of Absence

PA1304151294 Panama City LA ESTRELLA DE PANAMA in Spanish 13 Apr 94 p 1

[Report by Esperanza Navarro Francois]

[Text] President Guillermo Endara said yesterday that on Monday he will announce a decision that "has made him ill." There are persistent rumors that he will be on leave from the Presidency and will be replaced by Vice President Guillermo Ford.

"Unfortunately I cannot say much today because I am sick, probably due to a decision I had to make, which I will announce Monday on a national network," Endara stressed.

He said that the decision will be announced on a national network on 18 April at 2000.

In a statement to reporters aboard the National Air Service (SAN) aircraft, Panama Governor Daphne Clement said Endara will announce a leave of absence, but she did not specify the reasons.

Endara's remarks came during the inauguration of the Silvio Salazar Bridge in the Colon Free Zone, which links France Field with the old section of that commercial center.

In the presence of Vice President Guillermo Ford; ministers of state; directors of autonomous and semi-autonomous institutions; provincial, municipal, and religious authorities; businessmen; merchants; and Colon Free Zone tenants; Endara said he could not give any further details on his "decision," although he admitted it was "tough and controversial."

Endara also said that the decree-law requiring that amounts exceeding $10,000 be declared when brought into the country is intended to keep money obtained from drug trafficking or money laundering from entering the country.

Endara noted that the decree-law was the result of numerous consultations with the banking sector and the Free Zone and that its economic impact on both sectors has been analyzed.

Endara did not deny that Finance Ministry officials could be involved in mishandling funds while carrying out the decree-law, but he said that this possibility has been reviewed and control measures implemented.

"It is a tough and controversial measure, but it cannot be avoided, Endara stressed. [quotation marks as published]

Foreign Minister Sends Protest Letter to U.S.

PA1304193694 Panama City Telemetro Television Network in Spanish 1730 GMT 13 Apr 94

[From the "Telemetro Reports" newscast]

[Text] The Panamanian Government has issued a formal protest to the U.S. Government over recent statements that Panama is not cooperating enough in the struggle against drug trafficking and money laundering.

Jose Raul Mulino sent a four-page letter noting that the U.S. statements are general and subjective. He added that the Panamanian Government has taken many actions to fight those crimes.

In the document, Mulino says that Panama is not an economic power and on many occasions it has had to establish it priorities. Regarding the struggle against drug trafficking, our cooperation has been expeditious and in good faith.

Mulino asked for a meeting at the highest level, with the participation of the financial sector, to discuss this problem.

The letter clearly states that the national government has not eluded its responsibility.

Candidate Says U.S. Authorized Drug Trafficking

PA1404011394 Panama City LA ESTRELLA DE PANAMA in Spanish 13 Apr 94 p 40

[Report by Esteban Huertas G.]

[Text] Ruben Dario Carles, Change '94 presidential candidate, said during an impromptu news conference in the lobby of the Europa Hotel yesterday that "the U.S. Government has authorized drug trafficking and money laundering in Panama for some years now." He also said "the charges against Panama are unfair."

Carles acknowledged "money laundering is taking place in Panama more so now than during the past regime." According to Carles "this activity belittles the country's image throughout the world." According to Carles "President Guillermo Endara's administration has ample means to defend itself from the attacks imposed by U.S. policies."

Carles said "we Panamanians cannot accept the U.S. charges, but we must condemn the performance of certain court officials, judges, district attorneys, the Prosecutor's Office, and certain institutions responsible for curbing drug trafficking."

Regarding the discrediting of certain Panamanian organizations involved in the struggle against money laundering and drug trafficking, Carles said "we must improve the tarnished image of official institutions by implementing measures aimed at ensuring officials' performance so as to prevent them from submitting to this illegal activity."

Argentina

Cuban Foreign Minister Begins Official Visit

PY1304224194 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1847 GMT 13 Apr 94

[Text] Buenos Aires, 13 Apr (NA)—Cuban Foreign Minister Roberto Robaina stressed this afternoon that the debt his country has not yet settled with Argentina "is not an issue that has been frozen." In this regard, he expressed his government's willingness to seek alternative repayment methods.

The diplomat, who is paying a 48-hour official visit to Argentina, also denied negotiations for a meeting between President Carlos Menem and Cuban leader Fidel Castro during an upcoming Ibero-American summit in Cartagena de Indias.

In remarks made in the Senate, Robaina added: "The possibilities are always open. It depends on the activities each one of them has during the summit. My visit's goal, however, is not to prepare a meeting. Thus far, there is nothing on this issue."

PLO To Open Bureau in Buenos Aires

PY1304232594 Buenos Aires CLARIN in Spanish 13 Apr 94 p 16

[Excerpt] Foreign Ministry sources informed CLARIN on 12 April that, pursuant to an agreement reached on 12 April in Tunisia between Foreign Minister Guido Di Tella and Palestinian leader Yasir 'Arafat, the Palestinian Liberation Organization (PLO) will open "an affairs bureau" in Buenos Aires within a few months.

According to the talks held on 12 April between Di Tella and 'Arafat, when the PLO achieves statehood, thanks to the historic peace agreements between the Israelis and Palestinians, the bureau may become an embassy, with the appropriate powers.

The establishment of an "affairs bureau," a diplomatic status below that of an embassy, has been an old goal of the Arab community in Argentina. After President Carlos Menem—of Syrian ancestry—was inaugurated in 1989, the Arab community in Argentina again favored this measure. [passage omitted]

Menem Rejects Possible Pact With Grand Front

PY1304221294 Buenos Aires BUENOS AIRES HERALD in English 13 Apr 94 p 11

[Excerpt] (DYN-NA)—President Carlos Menem yesterday [12 April] rejected the possibility of an agreement between the Justicialist Party and the Frente Grande [Grand Front, FG] on constitutional reform at the Constituent Assembly and also judged unlikely an alliance between the Radicals and the opposition front.

Provisional Senate head Eduardo Menem pledged that the government will respect the Olivos Pact on reform signed by President Menem and Radical Party Chairman Raul Alfonsin after FG head Deputy Carlos "Chacho" Alvarez suggested that the agreement should be set aside. Democratic Progressive Party Deputy Alberto Natale also urged the Radicals to "open up the Olivos Pact package."

Alfonsin warned that a campaign to "distort" the contents of constitutional reform had been launched and said that it would be "disappointing if Alvarez joins in."

Alfonsin described Alvarez' call on the Radicals to abandon the points agreed on by the Olivos Pact "absurd."

Menem, who denied cabinet changes, told a local radio station that the government was "on the alert" for a possible alliance between the FG and the Radicals and accused Deputy Jesus Rodriguez—who is promoting the idea within Alfonsin's party—of having an "ancestral hatred for Peronism."

But Menem defended Alfonsin, who has come under fire from anti- reform sector's within his party. "Alfonsin stood up in what is a difficult moment for Radicalism," Menem said.

The head of state said that the Justicialist Party will stick to the Olivos Pact and that it would only seek agreements with the pro-reform provincial parties and not with the centre-left Frente Grande.

On the same day the President denied that the Peronist defeat at the hands of the FG in the Federal Capital could trigger a Cabinet reshuffle, Economy Minister Domingo Cavallo told a local radio station that Sunday's election result should be seen as a triumph for the government. [passage omitted]

Justicialist Candidate Resigns From Assembly

PY1304221394 Buenos Aires BUENOS AIRES HERALD in English 13 Apr 94 p 1

[Excerpt] (NA-DYN)—The defeat of the Justicialist Party in the Federal Capital in Sunday's election claimed its first head yesterday [12 April] as candidate Matilde Menendez resigned from her newly won seat at the Constituent Assembly.

There was no word at press time whether the Peronist candidate planned to resign as well from her post as president of the PAMI [Comprehensive Medical Assistance Plan] pensioners' health care service.

Menendez, under fire since a bribery scandal involving PAMI erupted in late February, said in a letter to the local branch of the Justicialist Party that she had never been one to cling "either to candidacies or to personal political ambitions."

She said she was stepping down to concentrate on setting "the actions under investigation." [passage omitted]

Jujuy's Ficoseco Requests Leave of Absence

PY1304120894 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0122 GMT 13 Apr 94

[Excerpts] Buenos Aires, 12 Apr (NA)—With the goal of resolving the crisis being experienced by his province and forestalling federal intervention, Jujuy Governor Jose Carlos Ficoseco asked tonight for a six-month leave of absence. This will allow the appointment of a replacement, with the agreement of the other provincial parties.

According to remarks made tonight by Interior Minister Carlos Ruckauf, the new provincial governor will emerge from an agreement among the ruling Justicialist Party, the Jujuy Popular Movement, which won the 10 April elections, and the Radical Civic Union. At the government house Ruckauf announced that the legislature will meet tomorrow to appoint Ficoseco's replacement and begin the province's political recovery.

Ficoseco made his decision to ask for a leave of absence after meeting at the government house with Ruckauf and presidential Secretary General Eduardo Bauza. [passage omitted]

Nevertheless, the possibility of tipping the balance in favor of an intervention, following an escalation of the conflict in the province after unending protests by the state workers labor union and other labor unions, has not been ruled out. The government source placed the possibility of an intervention on a "stand-by" status.

Ficoseco's "elegant" departure cools down Jujuy's overheated situation, even though the social situation experienced by this province remains very critical, and might have serious consequences.

Statistics Report Shows Trade Deficit Increase

PY1304134194 Madrid EFE in Spanish 0141 GMT 13 Apr 94

[Text] Buenos Aires, 12 Apr (EFE)—Official sources reported today that the deficit in the Argentine trade balance increased by 328.6 percent during January of this year as compared to January of 1993. In January imports added up to $1.5321 billion while exports exceeded $946 million.

The figures released by the National Institute of Statistics and Census (INDEC) of the Finance Ministry shows that the trend that began in the middle of last year has increased.

Economic Programming Secretary Juan Llach announced these figures during a news conference. He said the trade deficit increased during January because of climatic problems that affected export- quality agricultural products and postponed agricultural exports.

Llach stressed the importance of the growth in capital goods imports, which increased by 98.8 percent compared to the same month last year.

Llach said that the figures also show an increase in investments, which is positive for the economy.

According to the INDEC report, the purchase of fuels increased by 140.6 percent, the purchase of intermediate goods by 26.4 percent, spare parts and accessories for capital goods by 36.5 percent, consumer items by 23 percent, and passenger vehicles by 46.5 percent.

The figures confirm that Brazil is the main purchaser of Argentine exports, with a total of $188.9 million. The United States comes second with $108 million.

The United States, in turn, heads the list of countries that sell to Argentina. Argentina imported a total of $410 million worth of goods from the United States. Brazil is second on the list, selling for a total of $285.4 million worth to Argentina.

The United States, Brazil, Germany ($113.4 million), and Italy ($102.6 million) account for 59 percent of the country's total imports during January.

Argentina's trade exchange (exports plus imports) with its three Common Market of the South (Mercosur) partners—Brazil, Uruguay, and Paraguay—reached $615.1 million in January, or 23.8 percent of the country's total, and a 29.8 percent increase compared to the figures registered in January of 1993.

The exchange with the United States, Mexico, and Canada—the three NAFTA partners—also increased by 61.3 percent, reaching a total of $554.3 million during January.

The export of Argentine products to NAFTA member countries increased by 31.1 percent during January compared with the same period of 1993, while imports from the United States, Mexico, and Canada increased by 72.6 percent.

The INDEC report says that Argentina's exports to Mercosur member countries increased only by 9.5 percent, while imports from these countries increased by 50.2 percent.

Bolivia

Tupac Katari Army Resumes Activities

PY1304234294 Cochabamba LOS TIEMPOS in Spanish 31 Mar 94 p A4

[Text] La Paz, 30 Mar (LOS TIEMPOS)—Sources linked to intelligence offices in the Government Ministry and the Special Antinarcotics Force (FELCN) reported today that a reactivation of the subversive Tupac Katari Guerrilla Army [EGTK) organization has been detected in the last few days in three departments.

The sources told LOS TIEMPOS in La Paz that the subversive group that was broken up in 1991 resumed its terrorist activities in La Paz, Cochabamba, and Sucre by calling for armed insurrection in various rural districts.

They said this subversive organization "plans to act with greater force" in La Paz and Cochabamba Departments, and that the signs of subversive activity "are the writing on walls seen by state intelligence in the two departments' rural districts."

They indicated that the EGTK, in contrast to other guerrilla organizations with similar characteristics such as the Nestor Paz Zamora Command (CNPZ) or the Zarate Willka Armed Liberation Forces (FAL-ZW), "still have ideological leaders because not all of them were arrested by the intelligence organizations." The sources added: "An example is the recent capture of Victor Poma after three years. He was accused of terrorist activities and actions against state security."

The EGTK began subversive activities on 4 July 1991 when it blew up two high-tension pylons in El Alto's Alto Lima area.

This terrorist action lead to the death of one of its members and was the beginning of a series of subversive acts against state security, which later led to the arrest of its main leaders. The intelligence organizations then arrested brothers Raul Garcia and Albaro Garcia, and Felipe Quispe, alias "El Mallku," who are currently in the high-security Chonchocoro prison.

The sources said Victor Poma's arrest is the beginning for the arrest of Carlos Lara, who has been identified as one of the EGTK "general staff" members and is currently a fugitive from justice.

Brazil

Amorim Views Foreign Affairs Agenda

PY1404002694 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 10 Apr 94 p A12

[Article by Foreign Minister Celso Amorim]

[Text] Brazilian foreign policy is bound by the permanent doctrines and principles specified in the Constitution. The central characteristics of our foreign affairs activities can be summarized in the following basic objectives: to pursue national development, establish democratic values, defend international peace and security, and struggle for a politically fairer international economic order.

The illusion that a new order has been created following the end of the Cold War, fortunately, is already been discarded. We are living a period of transition between two structures—like so many other times in history—and it is difficult to forecast how long it will last. The most marked characteristics of this period can be concocted into unsteadiness between political hegemony—which is currently concentrated in a single center—and economic hegemony which is concentrated into at least three centers. Another characteristic is the revival of conflicts based on cultural and ethnical differences, although this sort of conflict seems to have already been forgotten.

As it is well known, changes in the international order present risks and opportunities. Brazil's role in the new international order is still in the "pending" tray. In face of the frequently mentioned dichotomies between globalism and regionalism, we must consider a basic surmise: As a result of its size, its complexity, its social fabric, the ethnical and cultural composition of its population, and the diversification of its trade partners, Brazil must have a foreign policy with universalist characteristics and discard the possibility of making exclusivist options. This, however, does not prevent our policy from having priorities and different emphases. I will refer to some of them.

The first priority that comes to our minds is South America where we have been intensifying contact with our neighbor countries. The consolidation of democracy in the continent has facilitated the materialization of informal mechanisms of political consultation—such as the Rio Group—and stimulated the adoption of measures to overcome old suspicions and antagonisms.

In the regional sphere, we are decisively engaged in an ambitious project to consolidate integration within the framework of the Common Market of the South [Mercosur], with any corrections that may prove necessary. The implementation of the zero-customs tax within Mercosur continues to advance as foreseen, with a strong positive impact on trade among the four countries. Trade among these countries has increased virtually 300 percent since the Asuncion Treaty was signed in 1991.

The Mercosur priority is complemented with two initiatives launched during Itamar Franco's administration: First, to negotiate a series of accords for economic complementation with the countries of the Amazon region and, second, a proposal for the establishment of a South American Free Trade Area (SAFTA), which will comprise the countries that make up Mercosur, the Andean Group, and the Amazon Initiative, plus Chile. This way, a free trade zone will be established in South America before the year 2005. These initiatives, to which our main regional partners have reacted positively, encompass realistic alternatives to improve the competitiveness of our industries in a way that will not contradict the goal of implementing a zero-customs tax system internationally. This does not preclude the possibility of uniting, at the right moment, all other South American integration processes.

It is especially important for Brazil, with its diversified trade profile, to strengthen the multilateral trade system in open and flexible patterns. The conclusion of the Uruguay Round of the GATT, the final act on which will be signed in a few weeks, has opened to Brazil auspicious prospects, although some results, not specially satisfactory, have been registered in certain areas. These prospects are particularly auspicious because the decisions

made in relation to regulations—such as safeguards, the solution of controversial matters, and antidumping [preceding word in English] measures—will noticeably reduce the chances of establishing protectionist and unilateral measures.

In the multilateral plan, we will continue to energetically defend the need to reform the UN Charter and increase the number of permanent seats at its Security Council, on which Brazil is again occupying a non-permanent seat, to grant it more representativity and legitimacy without harming its efficiency. Thus the imbalance between developing and developed countries that currently exists in the United Nations will be reduced. In view of its size and influence in the regional and international scenarios, Brazil has often been considered a natural candidate for an additional seat on the Security Council. Brazil has actively participated in debates and discussions about this issue within the specific framework of the United Nations, as well as in bilateral political contacts with our main partners.

The foreign policy implemented by Itamar Franco's administration obviously cannot overlook our relations with developed countries. It is of extreme importance to intensify and diversify our relations with these countries—the United States, the European Union, and Japan—because they represent invaluable sources of investment and technological know-how, as well as impressive markets for our products. The key word in this context is negotiation. For a country such as ours, the possibility of signing "compulsory support contracts [contratos de adesao]" is "initially" excluded. The progress made in our relations with the United States (over intellectual property) and with Germany (nuclear area) illustrates the determination with which this priority is being pursued.

In addition to confirming the importance of our relations with Portugal, the initiative to institutionalize the Community of Portuguese Speaking Countries is a natural result of the priority we have always given to relations with the African Continent. Based on this and the geographic link—the South Atlantic—which connects us to Portuguese-speaking African countries, Brazilian diplomacy plans to dedicate special attention to the other countries in southern Africa, where a large part of the continent's economic, trade, and financial resources are concentrated.

Now that opportunities have been opened by this series of profound changes, we must be attentive and actively participate in everything relevant to the formulation of a new international order. Brazil certainly has a role to play in the construction of this new order, through the defense of an effective democratization of international relations, the prevalence of multilateralism in the political and economic spheres, the legitimate right of the developing countries to have access to the so-called "sensitive" high technology as long as it is used for peaceful objectives, and the inclusion of the right to development among the priority topics of the international agenda. We must not limit ourselves to adopting attitudes that are merely a reaction to agendas drafted abroad, but to be in a position to define our own foreign affairs agenda.

New Regional Foreign Policy Objectives Viewed

PY1404015094 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 10 Apr 94 p A10

[Article by Jose Casado]

[Text] Brazil has changed the course of its foreign policy: It will begin expanding its actions in South America for the purpose of increasing its economic base in the region and overcoming the phase of excessive concentration of diplomatic operations in Southern Cone countries (Argentina, Paraguay, and Uruguay).

In 90 days, the Brazilian Government expects to begin simultaneous negotiations over bilateral free trade agreements with eight South American countries. The goal is to consolidate, as of 1995 and over a 10-year period, a regional market in which 80 percent of trade will be made with zero tariffs.

Negotiations have a very broad scope and, for this reason, the Brazilian Foreign Ministry has decided to set no rigid limits on the talks with the other South American governments, a Foreign Ministry spokesman said.

The decision already has been made. As has happened in Brazilian foreign policy over the past few decades, the decision seeks to extend beyond the terms of the Franco administration, which designed it. Itamaraty already has included this decision in the "permanent principles" that are always mentioned by Foreign Minister Celso Amorim.

From a strategic viewpoint, it means that South America's biggest nation now will engage in broad negotiations to integrate the Amazonas (to the north) and the River Plate (to the south) basins.

The objective is to create a regional free market that will be, nonetheless, open to promoting relations with the emerging political-economic blocs in North America, Europe, and Asia.

The representatives of the South American governments involved in those negotiations regard this Brazilian diplomatic initiative as a legitimate effort to recover the political influence the country had in the region until the early 1980's.

Furthermore, it is also regarded as sort of a countermeasure for the action the United States began undertaking in South America after Mexico joined NAFTA.

The U.S. action seeks to reach, in the medium term, the largest possible number of bilateral free trade agreements

in Latin America. This obviously interferes with the interests of Brazil, the region's main exporter and largest market.

The two other major emerging Latin American markets are confronting political and socioeconomic problems that cast doubts on the future expansion of their economies: The Mexican risk increased after the Chiapas revolt, while Argentina is facing social upheavals in specific areas and increasing commercial deficits.

This situation, which is dominated by the U.S. need to expand its business base in the Southern Hemisphere to assure its future world leadership, might be leading Washington to adopt a new political position toward Brazil.

The appearance of irritation in the economic competition with Europe and Japan already had led the United States to modify the foundations of its foreign policy, Brazilian diplomats said. Now, since Mexico joined NAFTA, Washington has decided to emphasize its actions in South America.

The Clinton administration began to use diplomacy as a lever to open markets for U.S. exporters. Until a short time ago, the U.S. State Department would only preach free trade, allowing exporters to operate naturally and independently.

"During the Cold War, the U.S. Government did not need to engage very directly in the battle for the opening of markets in support of U.S. products because this was done indirectly and domestically through subsidies to local industries, technological projects, and the national defense budget. But the international arena has changed," a Brazilian ambassador and top Itamaraty member said.

He added: "Now they are engaged in a real diplomacy of commerce, of business. It is something similar to what Japan and Europe are doing, though with different intensity."

Based on such prospects, the Brazilian Government decided to intensify its efforts around its plan for the creation of what the diplomatic bureaucracy has called the South American Free Trade Zone.

In addition to a relative competition with the United States for political influence in the region, there might be very specific economic reasons that justify this Brazilian endeavor.

One of those reasons is that Brazil's participation in the commercial flow within Mercosur [Common Market of the South] has almost reached a saturation level: Brazil already supplies 25 percent of the total imports bought by Argentina, Paraguay, and Uruguay.

Brazil's current participation in the trade operations of the rest of South America (that is, outside the Southern Cone) is five times smaller. This group of countries is spending $36 billion annually in imports bought from the rest of the world.

In the eyes of the Brazilian Government, this is a very promising market for Brazilian products. It has enough possibilities for making current Brazilian commercial operations grow at least four times as much.

In other words, it has the potential for becoming something as important as Mercosur is now for the Brazilian economy after a decade of negotiations. That is, the creation of a free trade zone in South America has become a priority for Brazilian foreign policy.

Bank Officials Oppose U.S. Businessman's Move

PY1304220094 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Apr 94 p B1

[Article by Paulo Sotero]

[Text] Guadalajara—After meeting with the creditor bank committee, Central Bank President Pedro Malan said on 12 April he is "confident about conclusion of a debt agreement" on 15 April. The meeting was prompted by the banks' concern that Kenneth Dart, a U.S. entrepreneur who bought 3.5 percent ($1.4 billion) of the Brazilian debt and who refuses to accept the agreement's terms, may take action to prevent the conclusion of the agreement.

Washington's Arnold & Porter lawyers, a firm advising the Central Bank in the negotiations with the bankers, warned Brazilian authorities about the possibility of Dart's trying to obtain a preliminary court decision suspending the exchange of financial certificates through which the agreement will take effect. "We have several lawyers at work in New York," Michael Degraderied said on 8 April. A Citicorp executive, Degraderied chairs the bank committee. Citibank Vice President William Rhodes said Dart will not be able to prevent the agreement.

Brazilian authorities do not believe Dart will attempt to impede the deal's implementation. But the government has taken several precautions because it has not ruled out the possibility of Dart taking legal action after the agreement's conclusion. On 12 April, while issuing the Bank of International Settlements (BIS) an order to transfer approximately $2.8 billion in U.S. Treasury certificates—which will serve as initial collateral for the agreement, the Central Bank took care to prevent the certificates from being seized by an eventual legal embargo.

In New York, Dart spokesperson Melissa Krantz said the entrepreneur maintains his opposition to the agreement's terms. In order to avoid problems, Brazilian Ambassador Paulo Tarso Flecha de Lima consulted in Washington with the White House and the State Department about the possibility of the Clinton administration

invoking the International Economic Emergency Powers Act [preceding five words in English] if Dart attempts to impede the agreement.

Dart—In Brasilia, the Central Bank said that if Dart refuses to participate in the exchange of bonds, it will issue a regulation allowing the use of the old certificates being held by Dart for the purchase of state-run companies.

Ricupero Discusses Minimum Wage, Foreign Debt

PY1304232794 Sao Paulo FOLHA DE SAO PAULO in Portuguese 13 Apr 94 Business and Finance Section p 1

[Text] Brasilia—Finance Minister Rubens Ricupero on 12 April said private sector workers who earn a minimum salary will be entitled to receive bonuses throughout the next months. The measure will not benefit either public employees or retired workers. The bonus proposal, which will be presented next week to President Itamar Franco, was the solution the government found to improve the minimum wage without causing impacts on the social security system and the accounts of states and municipalities. With this proposal the government expects to convince Congress not to establish a $100 minimum wage. Ricupero disclosed that he accepts negotiating Provisional Measure [MP] No. 457 as long as it does not affect the budget balance and not change the conversion of salaries based on the peak exchange rate variation [of the previous four months].

According to Ricupero, the economic team is negotiating with Congress the article of PM No. 457 that forbids the readjustments of contracts established in URV's [Real Value Unit] for periods shorter than a year. The idea, Ricupero said, is to find a midpoint between the current strict rule and the stability the economic team seeks for the economic plan.

The minister still is concerned about the foreign debt renegotiation agreement, which will be signed 15 April. Ricupero said the government still faces difficulties in convincing the Dart family, which holds $1.4 billion of Brazilian foreign debt titles, to accept the renegotiation terms approved by the creditor banks' steering committee. Ricupero disclosed that he will not travel to the United States on 15 April to sign the agreements. Central Bank President Pedro Malan will go in his place. "I cannot leave the battlefield right now without being certain of our triumph," Minister Ricupero said.

The minister reasserted his strategy to give absolute priority to the approval of MP No. 457. He wants it to be approved before the end of the month. He asked for some credit from Congress, workers, and business people, and more consideration for the stabilization plan. "It would be incomprehensible that the other economic plans, which were authoritarian, should have been approved and that this one, the first democratic economic plan, be distorted before proving its merits," he said.

Ricupero on Adoption of Real

PY1304144094 Sao Paulo FOLHA DE SAO PAULO in Portuguese 11 Apr 94 Section 1 p 9

["Highlights" of "exclusive" interview with Finance Minister Rubens Ricupero by reporters Clovis Rossi, Jose Roberto Campos, and Demian Fiocca at the FOLHA DE SAO PAULO offices on 9 April]

[Text] [FOLHA] Considering that the economic plan has no surprises, packages, etc...

[Ricupero] Nor adjustment tables, freeze, nor bank holidays.

[FOLHA] Why not make an earlier announcement of the exact date for putting the real into circulation?

[Ricupero] Because there is no such date. If possible, I will make the announcement earlier than 35 days in advance. I will try to report the date as early as possible. You know I never lie in my remarks to the press. I can say that it is absolutely sure that there is no such date. Sonia Mossri, a FOLHA reporter in Brasilia, has been reporting for weeks that the date is 1 June. I don't know how she reached that conclusion, because there is absolutely no date; no secret decision has been made. We have not picked any date because we are in a complex transition stage. For example, we have to look at the issue of utility rates. This week we will begin with mail rates, but we will need the entire month of April and part of May, because it is an immense universe. We are now drawing up the decree on public contracts. We should allow private contracts to adjust themselves. Negotiations between the industrial and commercial sectors are in some areas much slower than in others. In areas like that of meat, negotiations began earlier but are going more slowly.

[FOLHA] In the negotiations between the wholesale and retail sectors, it is possible to see that there is more disagreement than accord. Isn't there the risk that this transition stage will last too long? Considering that the MP [Provisional Measure] provides for up to 360 days for adoption of the real, negotiations could continue for an indefinite period.

[Ricupero] What I can say is even rather obvious: The real will be adopted neither too early nor too late. It must be adopted within a reasonable period, because we cannot wait too long, as we would then be running the risk that you mentioned. We want to feel the pulse of the market. Facts like the one you mentioned will be relevant in making a decision. Yet there are still things to be resolved, like monthly school fees, for which no guidelines have yet been issued. We will be doing it in the immediate future. Contrary to what has happened on other occasions, we are trying to have economic agents find the balance themselves. Yet people expect the government to make all the definitions. Society has sort of a vice, as it expects the government to define everything.

[FOLHA] Taking into account this complexity, isn't there a risk that the need to adopt the real will make the government issue sort of an adjustment table, as not all contracts have been adjusted, that is, because the entire economy has not already adopted the URV [Real Value Unit]?

[Ricupero] No. I have never heard anything about that. We are still confident that the adjustment will be made. In FOLHA DE SAO PAULO I read the opinions of Joao Sayad, Luiz Paulo Rosemberg, and others, noting that it is necessary to move faster. We must have definitions also in other areas, like currency, the backing of the currency, the adoption of an exchange rate index that can or cannot be fixed. We are trying to very carefully measure the pros and cons of those options. Yet the process, which is gradual, can become the target of such criticism. You have the traditional experience of the fight against inflation and hyperinflation, especially in Central Europe, which resolved the problem overnight on the basis of a fixed exchange rate. In the case of Austria, inflation collapsed within 48 hours, but at an astronomical price.

[FOLHA] Despite the fact that the government advised that the inflation rate would drop only after adoption of the real, many people believed that adoption of the URV would produce a drop in inflation. However, exactly the opposite is happening.

[Ricupero] I am aware of that. I have noticed that there is such a concern. In my opinion, this involves a communications problem. The best way to avoid this risk, which is real, is to make an additional effort at communication. One of the things I have felt during these first days of work is the need to give a better explanation of the meaning of the plan. Yet I would like to add that my concern does not focus only on the plan, in the short term. I am also concerned about structural matters for the medium and for the long term. I am sure that within the short term, the plan will yield very positive results. After adoption of the new currency, the inflation rate should significantly drop.

Now, we have never concealed that stability is only a first stage for reactivating economic growth with new patterns. Economic growth should include both the social and the environmental cost, something that we did not do in the past. To this end it is essential to reform the structure, that is, the Constitution. It is necessary to resolve the problem of lack of coordination between the branches of government. I have said that if we had to identify the two main Brazilian problems, the Social Security system would be one of them. In my opinion, this subject will be the great distortion of the next few years. We might be the only country that has placed all Social Security regulations in the Constitution. There is also the federal system, the three levels, the conditioning of budget allocations, and the transfers. Everyone demands additional spending reductions, but when we deal with the budget, it is rigidly maintained. All revenues go to salaries, transfers, and conditioned allocations. Only a 7 to 8 percent parcel remains available.

It is a situation in which the country cannot move. I have just read a paper by Professor Jose Pastore showing that the cost of creating a job in Brazil is much higher than in any European country. The only country that is close to the Brazilian cost is France. As the cost of creating a job is very high, entrepreneurs prefer not to create jobs. They resort to overtime work, or else shift their activities toward the informal economy or toward middlemen. Take the example of the minimum salary. I met with the congressional committee that is studying the provisional measure. They insist on their idea of raising it to $100. I also believe it is fair to set the minimum salary at $100, but to do this it is necessary to amend the Constitution, making the minimum salary no longer conditioned on the Social Security system, allowing for the adoption of minimum salaries in each region.

[FOLHA] Yet hasn't the executive branch been slow as far as making proposals for the constitutional revision is concerned? Don't you think it is very naive to expect the constitutional revision to succeed?

[Ricupero] I am doing my best, and I will continue to do so. The constitutional revision does not affect me, as I will remain in this position for only a few months. Even if the Constitution were amended in May, I would not get any benefit from it. The problem will be for the new president. I see no reason for not doing the revision right now. If this is not accomplished, it is necessary to make sure that after the government changeover the conditions will be appropriate for continuing the work.

[FOLHA] Are you in favor of an exclusive constituent assembly?

[Ricupero] My best friend since I was in school, Fabio Konder Comparato (a jurist), favors this idea. I have already told him that my doubts lie in how to elect the members of that assembly. If members are elected with the same distorted rules of representation, I do not see many differences with the current constituent congress.

[FOLHA] The economic plan was made by a presidential candidate. Don't you think that most of the difficulties that you will have will stem from this fact? Don't you feel directly responsible for the victory or the defeat of Fernando Henrique Cardoso?

[Ricupero] I will begin by answering the second question. I am not committed. I am a friend of Cardoso just as I am a friend of people in all parties, even in the PT [Workers Party]. I am a public servant, I have never been anything else, and I do not intend to be anything else, either. I am really independent. My commitment is to stabilization. We want a dynamic economy so that our country may recover from the heritage of four centuries of slavery.

[FOLHA] In 1986 you worked with then President Jose Sarney, at the time of the cruzado, which was considered a major electoral fraud. Some people now say the same thing, that the economic plan was made to promote the election of Fernando Henrique Cardoso...

[Ricupero] I believe this interpretation is wrong for several reasons. The first is the premise that if the plan had not been made, it would have been possible to continue with a routine policy until the end of the year. I believe the pressure that has already accumulated over Brazil's inflation is so heavy that we would have had to face very serious situations that might have even jeopardized the atmosphere for elections in our country. We are in a complicated situation and, even with the plan, we have a difficult journey ahead of us.

If the economic plan did not exist, I believe the problems that would have accumulated by the end of the year would not have allowed the maintenance of such routine policy. To speak the truth, there was no choice. If we did not have this plan, we would probably have brought forward the elections or adopted just as important a measure. Second, we are doing everything necessary to stabilize the economy. But everything does not depend on us alone. Many decisions depend on the legislative or judicial branches, or on the state or municipal governments, or on other institutions, like public companies, in which case the responsibility is ours. If the legislative branch does not approve these essential constitutional reforms we are suggesting, you cannot accuse me of committing an electoral fraud. Besides, I would like to hand over the Finance Ministry with a more solid budget situation. But in order to attain this we depend on structural reforms we cannot control. Incredibly, this economic plan is considered by [former Finance Minister] Mario Henrique Simonsen as the best ever made. That is the general opinion about it, here and abroad. This plan belongs to everybody. In an editorial, FOLHA DE SAO PAULO stated that I exaggerated in the speech I gave at my swearing-in ceremony. I said that every citizen must consider the economic plan his own, and an untransferable responsibility. But I confirm what I said. FOLHA DE SAO PAULO is wrong, because no plan in the world can be successful if the citizens do not engage in it personally. To think that the plan has an automatic effect is an illusion. If FOLHA DE SAO PAULO has a better idea it should suggest it, because I do not know it. As for the economic plan, it is mine now. Of course the plan cannot be separated from those who contributed to its preparation; this is the case over the entire world. A government is recognized by its success. That is the case of Menem in Argentina. He will be reelected because he did things well. Such is the logic of a political dispute. People vote according to the merit of the public lives of their politicians. I think the candidates themselves must prove they have better alternatives.

[FOLHA] It is natural that President Franco should want someone from his own administration to succeed him. In order to attain this happy ending, he could perhaps resort to some kind of magical solution for the economy...

[Ricupero] I am committed to defending the budget balance and the economic plan guidelines. That is why my dialogue with the members of the congressional committee that is examining the MP has been difficult. The changes they want to implement will distort the plan. The plan must be given at least a chance to be tested in practice.

[FOLHA] Does this mean that the MP is not at all negotiable?

[Ricupero] To accept negotiation over it implies that the plan is not perfect. So far, nobody has demonstrated its imperfections. For example: They spoke about salary losses. Salaries were converted into URV's based on the average exchange rate and, as Simonsen says, the average is at an equal distance from the floor and ceiling peaks. To convert the salaries based on the peak exchange rate is absurd. This is not an imperfection but a difference of opinion. If you defend salary conversion based on the peak rate, and I defend the conversion based on the average rate, we will disagree until the day of the final judgment. If you are stronger, you will defeat me, and I will go home, and then you can govern the country by converting salaries based on the peak rate.

[FOLHA] But that second hypothesis does not exist. If Congress turns down the conversion of salaries based on the average rate, you can go home, but Congress will not govern...

[Ricupero] That is the point. At some moment, I do not mean now, we will have to make the other government branches responsible for their actions. This situation in which you have power and not responsibility is one of the reasons for which we are the only country on the American continent that has not defeated inflation. Nowadays even Russia is curbing inflation. Why is this happening here? Is it because of some genetic degeneration, or is it because we have an institutional problem? I believe the media has a lot of responsibility in this; it is incoherent. I think some of these newspaper columns of short notes are regrettable. No newspaper in the world has three columns of short notes, each one serving a different intriguing interest. There are people who earn a living by inventing news in a column.

[FOLHA] Going back to the economy, has the backing of the real currency been defined?

[Ricupero] Partly. The reserves will back it partly, but we must define to what extent, and if any other kind of backing will be necessary. We are considering different options regarding the date the new currency will be put into circulation, the backing it will need, and the exchange policy.

[FOLHA] Some economists defend the principle that in order to prevent the new currency from being born contaminated, a fixed exchange rate will be necessary for at least some time...

[Ricupero] That is one of the ideas that is being analyzed. They all have advantages and disadvantages. It is not true that the historical background should point in that direction (the dollar/real parity). Chile, for example, has been very successful with the establishment of a fixed exchange rate. In my opinion Chile is the most evident case of successful economic adjustment in Latin America. I will not say Chile is an example for Brazil, because it represents only 10 percent of the Brazilian economy. But it is nonetheless an example of success, because it managed to stabilize without problems its balance of payments, maintaining a good export capacity without a fixed exchange rate. I am not establishing a position. In Latin America you can find successful experiences both with a fixed exchange rate, as in Argentina, and without a fixed exchange rate, as in Mexico and Chile. None of these solutions is transferable on its own. There is hardly any alternative. If there were, we would have announced it already.

Foreign Debt Agreement Expected 15 Apr

PY1304214394 Rio de Janeiro O GLOBO in Portuguese 13 Apr 94 p 24

[Article by Soraya de Alencar]

[Text] Brasilia—On 15 April, Brazil will conclude an agreement with private creditor banks and exchange the old debt certificates for renegotiated debt bonds. This will give Brazil 30 years to repay the principal, which amounts to $45 billion, of which $35 billion is owed to foreign banks, and $3.8 billion is "fresh money"—from previous agreements—loaned after 1983. The rest is owed to Brazilian banks abroad.

The new bonds, which will be issued by the national Treasury, are like promissory notes that will be delivered to creditors in exchange for the old promissory notes the country failed to honor. Those promissory notes will be transformed into six new types of bonds: discount, parity, temporary interest reduction, capitalization, conversion, and "fresh money" bonds. However, to implement the exchange, Brazil tomorrow will have to present $2.8 billion in guarantees of a total of $4.6 billion. The balance will be paid over a two-year period in six-month installments.

In order to calculate the total renegotiated amount, the Central Bank added all public sector debts—overdue and about to fall due—plus $28 billion that state institutions already have paid to foreign creditors but has remained deposited at the Central Bank. This has happened since 1983, when the debt crisis began, and when the country had few international reserves and could not make any payments. That money will be transferred to the Treasury, which may use it only for reducing the domestic debt, which in February stood at $48 billion. The government has not decided yet how this payment will be made.

According to Central Bank technicians, with the new agreement, the foreign debt will stop being a problem because the government will be able to schedule the payments. Technicians believe that by that time, the country will have reached economic stability, a condition that will facilitate the repaying of obligations owed to international creditors.

Central Bank Changes Foreign Debt Bond Rates

PY1404001694 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Apr 94 p B6

[Text] Brasilia—The Brazilian Government on 12 April broadened the discount rate range applicable to foreign debt bonds used by foreign banks to purchase shares of state-owned companies being privatized. The standard 25 percent discount off the face value of debt bonds has been replaced with discounts ranging from 25 to 35 percent, depending on the type of bond involved. Bonds and contracts alone pertaining to the agreement that will take effect on 15 April total $52 billion.

According to Central Bank [BC] sources, creditors have thus far used only $90 million of their credit in privatization auctions. The creditor banks have claimed that the discount rate on debt securities is very high. The creditors do not seem to have confidence in the Fernando Henrique Cardoso-2 Plan.

A BC resolution provides that of the new bonds to be issued on 15 April, par bonds will be converted into shares with an initial discount of 35 percent. This rate will gradually decline until dropping to zero in 30 years.

Foreign debt bonds converted into shares of privatized companies may not be repatriated over a six-year period. Profits and dividends earned on these shares may be freely taken out of the country. Brazilian companies that purchased debt bonds may not convert them into shares of privatized companies.

The National Comptroller General extended from 31 March to 29 April the deadline for rescheduling fiscal debts registered as standing debts of the federal government.

Government Examines Solution to Privatization

PY1304164694 Sao Paulo GAZETA MERCANTIL in Portuguese 8 Apr 94 pp 1, 15

[Article by Claudia Safatle]

[Text] The government is preparing an ingenious solution to the problem of privatizing the state-owned companies of the electric energy producing area that belong to the federal government, without having to depend on the approval of the draft bill on franchises. This draft bill has been languishing in national Congress drawers.

The solution consists of dividing the Brazilian Electric Power Company, Inc [Eletrobras] into two companies by separating what is a typical government function from what can be exploited by the private sector.

A provisional measure accompanied by a report on the reasons for this proposal—which was signed by Mines and Energy Minister Alexis Stepanenko, Planning Minister Beni Veras, and former Finance Minister Fernando Henrique Cardoso—has been under study at the Finance Ministry Executive Secretariat. The idea is to send this proposal and the studies, as soon as possible, to the presidency of the Republic, which will then send them to the national Congress.

The proposal to divide Eletrobras into two enterprises—Eletrobras Participacoes (Eletropart) and Eletrobras—resulted from studies made by the Eletrobras technical team, the National Bank for Economic and Social Development, and the Mines and Energy Ministry. The objective of these studies was to privatize the field of electrical energy, which yields an overall $15 billion per year. Half of this amount is produced by the companies owned by the federal government.

Eletropart would have control over the shares of Furnas Electric Power Plants, Inc., Sao Francisco Hydroelectric Company, Southern Electric Power Plants, and Northern Electric Power Plants, and would be able to open its capital and sell the shares of these companies at the stock market of [unfinished sentence as published].

This proposal changes the government concept of privatization only through the sale of physical assets. According to government sources, this system would represent a sort of "socialization of capital" of the federal state-owned companies in the electrical energy field.

The provisional measure that would make this possible establishes that all Eletrobras areas that have functions typical of those performed by the government will remain with the company that will retain this name. Such will be the case of the Electrical Energy Research Center, the planning and coordination areas, the nuclear energy enterprises, and the Itaipu Binational Enterprise. Eletrobras would continue to manage two companies that are already in the privatization list: the Light and Power Company and Escelsa (Espirito Santo State).

According to official sources, the current text of the proposed provisional measure would receive a favorable report from jurist Fabio Konder Comparato. It has still not been sent to the presidency of the Republic because of the recent installation of a new finance minister. As a result, the Finance Ministry Executive Secretariat is late in examining this new privatization model.

Another contribution this model could bring to the privatization of the federal state-owned companies in the electrical energy field would be to make biddings unnecessary. The draft bill on franchising for the exploitation of the energy field by private sector companies makes biddings mandatory. Privatization through the sale of shares and the system of share control would not alter the franchise contracts.

The privatization program has been dragging on, and the companies producing electrical energy represent nowadays the most attractive companies in the hands of the federal government unless constitutional monopolies become more flexible. The government has been keeping this provisional measure secret, at least for the time being, so as not to have to face corporatist reactions from employees of the electrical energy producing companies.

Official sources believe that this proposal is, therefore, an effort to preserve the field and to create the required conditions to finish construction work that has been paralyzed for lack of resources.

Police Dismantle Nigerian Cocaine Connection

PY1404011894 Rio de Janeiro Rede Manchete Television in Portuguese 2300 GMT 13 Apr 94

[Text] Federal Police have begun to break up the Nigerian cocaine connection. Police believe that nearly a metric ton of cocaine per year still leaves Brazil and is taken to Nigeria. Following a year of investigations, Federal Police unveiled the daring African cocaine trafficking scheme.

The drug leaves Bolivia, is sold in Sao Paulo for $5,000 per kilo, and then is taken by the traffickers to Lagos, Nigeria. There, it is worth $17,000 per kilo. From Lagos, the cocaine is taken to Switzerland, the Netherlands, the United Kingdom, and Canada, where a kilogram of cocaine can reach the price of $60,000.

Given the Nigerian cocaine trafficking route, all passengers on the weekly flight to Lagos are filmed in the airport. Suspects are followed day and night by police. The tactic has worked. Since the beginning of the year, Federal Police have arrested 14 drug traffickers redhanded in Guarulhos International Airport, Sao Paulo, and confiscated 100 kg of cocaine from them.

The confiscations reveal that the Nigerians are experts in camouflaging the drug; for example, drugs can be hidden inside a spray can that, like this one, can conceal up to 300 grams of cocaine. Cocaine also was found in the inner soles of tennis shoes. Drug traffickers normally create double-bottom suitcases. Nigerians go further. The whole structure of this suitcase is pure cocaine that, mixed with a resin, has been shaped into a suitcase. The most difficult way to detect cocaine, but also the most dangerous for the drug trafficker, is cocaine capsules. Nigerians can swallow up to 60 capsules at once. They thus use their own body to hide the drugs.

Venezuelan Border Air Strike Called Legitimate

PY1404013894 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 13 Apr 94

[Report by Vera Lima from Manaus, Amazonas State]

[Text] The Amazonia Military Command [CMA] is monitoring a Venezuelan operation against gold prospectors at the Venezuelan-Brazilian border. The operation seeks to destroy clandestine airfields.

In an official communique, the CMA reports that it was informed in advance of the operation by the Venezuelan Army. The communique notes that the Venezuelan Air Force is trying to destroy clandestine airfields in the Alto Quieto and Alto Ocamo townships, adjacent to the Brazilian border.

The communique adds that this operation has been planned since late March. At that time, 36 gold prospectors who had been illegally prospecting in Venezuelan territory were turned over to Brazilian authorities.

The CMA states that there are no reports of damage in Brazilian territory as a result of an air strike that took place in Venezuelan territory on 8 April. The CMA believes the Venezuelan authorities are just exercising their legitimate sovereign rights.

Navy Helicopters To Patrol Amazon Region Rivers

PY1404010594 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 13 Apr 94

[Report by Junia Januaria in Manaus, Amazonas State]

[Text] The 3d Helicopter Squadron has joined the Navy's effort to patrol rivers in the Amazon region. Captain Napoleao Bonaparte Gomes, the helicopter squadron commander, said the new military unit is designed to strengthen the Navy's presence in the region that, within the context of Brazilian national security, remains quite vulnerable.

The 3d Helicopter Squadron will initially operate with five Esquilo helicopters equipped with machine guns and rockets. These helicopters will be primarily used for patrolling rivers, police operations, and support for communities located on the river banks.

The Navy has more than 1,000 men and seven ships—five patrol ships and two hospital ships—in the Amazon region.

Businessmen Explore Options in South Africa, Vietnam

94SM0285C Sao Paulo GAZETA MERCANTIL in Portuguese 9 Mar 94 p 6

[Article by Claudia de Souza: "South Africa and Vietnam: New Business Fronts for Brazilian Firms"]

[Text] Sao Paulo—The Brazilian businessmen's mission to South Africa, consisting of a group of 25 representatives of private and government-owned firms, will leave for that country this coming Friday. Its purpose is to explore business possibilities, and it hopes to find opportunities for Brazil not only to expand its investments and trade with that country—currently totaling around $300 million—but also to sound out the markets in neighboring countries.

The Odebrecht Group, for example, which is part of the expedition, has become accustomed in recent years to participating in bidding and sounding out opportunities not only in South Africa, where it has an office in Johannesburg, but also in neighboring countries that are considered promising, such as Swaziland and Tanzania, as well as Angola and Mozambique, where the group has been active in the past.

"This is an exploratory trip," editor Fatima Belchior was told yesterday by Jose Coutinho, vice president of Braspetro. That Petrobras subsidiary explored the possibility of building oil tanks in the country last year, but was unable to sign any exploratory risk contracts.

Even the approaching date for the first elections and the uncertainties regarding the first government of national integration's chances for economic and political stability are not diminishing the optimism of the Brazilian Ministry of Foreign Affairs concerning the prospects for increased business with that country. The head of the Trade Promotion Department, Minister Celso Marcos Vieira de Souza, says that even though 47 percent of South Africa's manpower is unemployed, that fact is offset by other, positive indicators: a recent revival of the economy, with the gross domestic product expected to grow by 3 percent this year; inflation of around 9 percent per year; and the willingness of the South Africans to encourage investments in the form of joint ventures both locally and in third countries. This will allow Brazilian businessmen to open new business fronts in the neighboring countries. The mission chief's schedule includes a meeting with Nelson Mandela's economic team.

The Trade Promotion Department of the Brazilian Ministry of Foreign Affairs is making arrangements for a similar mission to Vietnam, Singapore, and Malaysia in April. That delegation will include, among other companies, construction firms such the Odebrecht Group (which is already active in Singapore), the Maxion farm implement firm, and Petrobras, which will sound out the opportunities for offshore risk contracts in the region. Braspetro's Coutinho is not ruling out the possibility that the firm will operate under the risk contract system in Vietnam, although he feels it is too early to make any definite statements.

"Vietnam needs everything" is how Vieira de Souza sums it up. During that same visit, the Brazilian Government is scheduled to pick the residence where it will install its embassy in Hanoi.

PF Seizes Counterfeit Dollars in Manaus

94SM0285B Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 Mar 94 p C-3

[Article: "PF Seizes $100,000 in Counterfeit Dollars in Manaus"]

[Text] Manaus—Federal Police [PF] seized $100,000 in counterfeit dollars disguised as money belts on the legs and around the waists of passengers Juarez de Paula Sobrinho, 37, and Artemio Nunes de Souza, 49, at the Eduardo Gomes International Airport early yesterday morning.

The PF made a similar seizure on the 23d of last month when it found $36,000 in the luggage of passenger Eldon Barreira Castelo Branco, 25. In both cases, the route was the same: the passengers had boarded a Varig flight bound for Manaus from the municipality of Tabatinga, Amazonas, across the border from Leticia, Colombia.

Paula Sobrinho and Nunes de Souza were approached by police as they were waiting for the connecting flight to Para. Giving an appearance of calm, they both denied carrying anything illegal, but upon being searched, they were found to be in possession of the false banknotes. The dollars had been packed in bundles, each containing $10,000 in $100 bills. Paula Sobrinho and Nuno de Souza had covered the packages with plastic and attached them to their bodies using adhesive tape. Upon being caught in the act, the passengers told Police Chief Claudio Rosas that the money had been acquired in Tabatinga. As had been true with the dollars seized from Castelo Branco on the 23d, the PF discovered that the almost perfect banknotes were counterfeit only after expert analysis.

Police Chief Rosas said that the two passengers must belong to the same gang as Castelo Branco. That gang seems to be part of an international scheme, since there have been other seizures in various places around the country. According to him, the dollars are probably being produced in Leticia. The Federal Police want to conduct a joint investigation with Colombian police.

Scientists Reassess Possible Cuban Vaccine Use

94SM0285D Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 Mar 94 p A-17

[Article by Chico Otavio: "New Committee Will Examine Cuban Vaccine"]

[Text] Rio de Janeiro—Representatives of five of our country's scientific institutions will meet in Salvador next week to begin studying the possibility of using the Cuban vaccine against meningitis B and C and in immunization campaigns. The task force was appointed by the Ministry of Health in February for the purpose of ending the controversy surrounding the quality of the vaccine. "The scientists have carte blanche to conduct all possible investigations and determine the product's real rate of coverage," says Gerson Penna, president of the National Epidemiology Center.

The committee, which the ministry calls a task force, consists of representatives of Unicamp [Campinas State University], Rio de Janeiro State University, the Federal Universities of Bahia and Minas Gerais, and the Evandro Chagas Institute. Institutions involved in the controversy over the vaccine, among them the National School of Public Health of the Oswaldo Cruz Foundation (Fiocruz), which advocates its use, were excluded from the group. "In this work, there is no room for anyone defending an impassioned position," Gerson Penna explained.

The Brazilian ban on imports of the Cuban vaccine was the subject of a debate held at Fiocruz yesterday with Brazilian and Cuban health authorities in attendance. Epidemiologist Eduardo Costa accused the Ministry of Health of deliberately delaying purchase of the vaccine until Brazilian researchers could discover a similar one.

Chile

Commission Created To Curb Poverty

PY1304224094

[Editorial Report] Santiago Radio Cooperativa in Spanish at 1100 GMT on 13 April reports during its regular newscast that Planning Minister Luis Maira Aguirre announced the creation of the Social Inter-Ministerial Commission, Comision Social Inter-Ministerial, that will be headed by President Eduardo Frei and coordinated by Maira. The health, education, housing, labor, justice, finance, and agriculture ministers and the Women's Service director also will be members of the commission that will be in charge of maximizing the government effort to fight poverty. The commission will focus its attention on specific regional programs such as those related to mini-enterprises, indigenous communities, infants, handicapped people, and specific government programs that must be reviewed. Maira said the initiative will not entail new taxes but rather a rationalization of the public effort and better distribution of expenditures.

CUT Leaders Oppose Further Privatizations

94SM0295C Santiago LA NACION in Spanish 18 Feb 94 p 4

[Text] The United Labor Confederation (CUT) has called for a mass meeting in March "to inform the right wing and those who want or intend to promote the idea of privatizing the enterprises of all the Chilean citizens that the workers will not allow the continued draining of the state so that private citizens can take over the patrimony of the people of Chile."

Arturo Martinez, the vice president of the trade-union organization, together with other leaders, met with representatives of the Copper Workers' Federation (FTC).

Martinez offered the support of the trade-union body for the petition being drafted by the FTC demanding clarity and penalties for those who are guilty of causing harm.

This leader expressed regret that the executives of the CODELCO [Copper Company], who are responsible for the administration of the enterprise, have "betrayed" the

confidence of President Aylwin. "There is abandonment here in terms of concern and respect for their responsibilities." And this, he explained, applies to all of those who have had the responsibility for the management of the enterprise. "We are alarmed that the political right wing has seized upon this most regrettable fact, which will mean less money to be used to aid the poorest of the people, in order to renew their intention of privatizing the CODELCO and other state enterprises once again."

Atmosphere of Peace Endangered

Martinez noted that the CUT collaborated with the establishment of democracy and the development of an atmosphere of social peace, "very frequently postponing the legitimate interests of the workers. But we want to warn the businessmen, the right wing, and the political parties that this climate of social peace may change if the efforts to privatize and plunder the national assets are continued.

"If the modernization of the enterprise is carried out without the workers, it goes against the workers," he warned, proposing that there be dialogue rather than unilateral decisions. In this connection, he noted that the FTC has proposed a plan for CODELCO expenditures that "the enterprise has not wanted to adopt or hear about.

"We are defending the assets of all the people of Chile. We will proceed through every necessary measure if we are not heard." He recalled that it was the CUT that "within an atmosphere of bullying, ousted Pinochet and his dictatorship. It was neither the parties nor any of the technocratic officials in the government who initiated the battle in 1983. It was the Chilean workers."

No Mixed Companies

He also expressed the view that an attitude of the CODELCO administration favorable to privatization began when some services were transferred with the approval of the executives. "We want the next administration to discuss the modernization of the business with the workers, so that it will not mean mixed companies. We are prepared to take all the necessary steps, including separation of the divisions into departments, but not to discuss privatization or mixed companies."

Meanwhile, Carlos Gomez, the secretary general of the FTC, reiterated that the Investigative Commission of the Chamber of Deputies will be asked to review the situation of all of the divisions, the transfers to the sectors of third parties in particular. He stated that the CODELCO has 22,000 workers, and that it is a "deception of the nation" to say that the personnel strength has been reduced, since there are 18,000 contractors. He noted that there is work that has been passed on to third parties for two years, but has had to be returned to the CODELCO to be done by its employees because they are more efficient.

A meeting of the National Advisory Council of the FTC is scheduled for 2 March. At that meeting, the proposal regarding the future of the CODELCO will be analyzed. This document will be debated at the base levels and in the social entities, and then reexamined with a view to approval during the National Congress in April.

PS Presents Political Reform Proposals

94SM0295B Santiago LA NACION in Spanish 27 Feb 94 p 10

[Text] One of the proposals the Socialist Party (PS) will present to the other groups included in the Concertacion tomorrow, Monday, calls for a transition from the present political system to a semipresidential system.

This idea is included in a document for the guidance of the legislative debate presented yesterday by Camilo Escalona, the president of the PS, on the basis of the conclusions reached at the plenary session of the political commission of that party last Friday.

Escalona maintained that to ensure the political stability of the country, what is needed is to bring about a series of changes designed, among other things, to establish "the presidential authority over the Armed Forces; a corrected proportional electoral system; a national security council with an advisory, rather than a tutelary, relationship to the president; and a parliament emanating entirely from the exercise of popular sovereignty."

With specific regard to the semipresidential system, the socialists are saying it is the model best suited to the country, taking the Chilean sociocultural reality into account.

This was made clear by Marcelo Schilling, the vice president of the PS, who explained that a semipresidential system would mean retaining for the president certain types of authority, particularly that pertaining the foreign and defense policies. The other policies would be left to a prime minister who, although he would have to enjoy the confidence of and be appointed by the president, would also require the approval of the parliament.

"Excellent Prospects"

Camilo Escalona explained that the socialists will propose initiation of the changes in the political system during the first six months of Eduardo Frei's government, a period he termed one "of grace" for the entire administration.

He also said that the proposed changes have the support of the greater part of the public, which would mean more than 70 percent of the citizenry. They even have the approval of the more liberal sectors of the opposition.

It is for this reason that Escalona predicted that the political-legislative positions of the PS will be "very well-received" by the Concertacion, especially since they are very close to the program of the government alliance.

And in addition, the PPD [Party for Democracy] has already indicated that it views them favorably.

In any case, Escalona admitted, the approaches or viewpoints of each group on the scheduling and timeliness of initiating the changes, and also the priorities concerning them, might be debated tomorrow, Monday.

The Socialist Proposal

The following are some of the proposals the socialists regard as essential:

—A civic probity law, defining the crime of trafficking in influence, providing for prosecution of unexplained wealth, and penalizing corruption of government employees and bribery more harshly.

—Elimination of the designated senators at the end of their terms in 1997, as well as the suspension now of their right to vote on substantial political issues.

—Establishment of a corrected proportional electoral system and rejection of the formula for expanding the number of candidates within the framework of the binomial system.

—Establishment of the exclusive confidence of the president of the Republic as a requirement for the commanders of the Armed Forces and the forces of law and order.

—Renewed sponsorship of the interpretive law allowing removal of the obstacle represented by the 1978 Amnesty Law in the realm of human rights.

Air Force Receives Light Transport Planes

94SM0295A Santiago EL MERCURIO in Spanish 6 Mar 94 p C7

[Excerpt] Tomorrow, Monday, the Chilean Air Force expects to receive the first two CASA [Spanish Aircraft Manufacturing, Inc.] 212 light transport planes purchased recently from Spain. The transfer will take place during a ceremony at which Minister of Defense Patricio Rojas and Air Force General Ramon Vega, commander in chief of the Chilean Air Force, will preside.

These aircraft were purchased in accordance with a general agreement signed between this service branch and Aeronautic Constructions, S.A. (CASA), a Spanish aircraft factory, following the construction in Chile of the CASA 101 jet reactor aircraft that Group No. 1 currently has in service.

Thanks to its special STOL [short takeoff and landing] characteristics, its usefulness on unprepared terrain, and the rear ramp designed for the handling of large cargo volume, these planes are an excellent tool for providing transport and aid when catastrophes occur in our country.

These planes are destined for use by the Third Air Brigade based in Puerto Montt as replacements for the old Twin Otters. They will provide support services to the isolated localities in continental Chiloe and Regions XI and XII, as well as for the missions to the Antarctic.

The CASA 212 aircraft have excellent navigation equipment and computers, a flight range of 2,000 kilometers, a maximum speed of 350 kilometers per hour, and a capacity of three tons of cargo, 26 passengers, or 12 patients on litters.

Pedro Bermejo Marin, the Spanish ambassador to Chile, as well as representatives of the CASA enterprise, will attend the acceptance ceremony as special guests.

As to the possible purchase of airplanes of the Mirage line announced by Minister of Defense Patricio Rojas, they are expected to be entirely operational by the end of this year, or at the beginning of next year at the latest.

These planes would be Belgian Mirage 5 BR's, which the air force in that country is now replacing with U.S.-manufactured F-16's. These fighter-bombers were modified in accordance with the special Mirage System Improvement Program (MIRSIP), and have been equipped with new electronic and weapons systems. The SABCA [Belgian Company for Aircraft Manufacturing], an affiliate of Dassault, participated in this reequipment process.

The MIRSIP Mirage 5 is equipped with modern electronic detection and attack systems. It has an Atar engine manufactured by the SNECMA [National Aircraft Engine Research and Manufacturing Company], which enables it to exceed double the speed of sound. It can transport up to four tons of bombs and air-to-air missiles. [passage omitted]

Government Issues New Capital Market Law

94SM0296B Santiago LA NACION in Spanish 8 Mar 94 p 16

[Article by Patricio Peralta Zavando]

[Text] Yesterday, with but a few days left to completion of its term, and after more than a year of processing in Congress, Patricio Aylwin's government promulgated the Capital Market Law. It is one of the Aylwin government's most economically important pieces of legislation and a far-reaching modernization of the financial system. The law will become effective with its publication in the DIARIO OFFICIAL on 16 March.

The bill, which has now become a Law of the Republic, fundamentally modifies the current Securities Market, Pension Funds, Investment Funds, Mutual Funds, and Insurance Companies laws. The bill, it will be recalled, gave rise to intense debates in Congress, and prolonged negotiations between the government's Congressional supporters and members of the opposition, which finally culminated in a political agreement that enabled its enactment.

The new law embodies a number of instruments designed to diversify investment options, and opens investment possibilities abroad for pension funds, insurance companies, and mutual funds. To balance the greater liberalization, the law introduces regulations that seek to prevent conflicts of interest and shady practices in the stock market. It also categorizes crimes and stipulates sanctions.

Foxley

In the promulgation ceremony held yesterday at the Government House, the minister of finance, Alejandro Foxley, said that "this reform will have a favorable impact on the efficiency of the savings and investments process, the size and security of the pensions the workers will receive in the future, and the openness and strength with which the capital markets will operate in our country."

According to the minister, this reform represents an overall effort to revise and update the legislation relative to the securities market and institutional investors, especially the pension funds.

With reference to the fundamental objectives of the reform, Foxley stated that it seeks "to develop mechanisms that enhance opportunities for financing investments in production, infrastructure, and housing." He said that this effort can be expected to have a positive effect on the country's long-term growth rate, and to reduce the Chilean economy's vulnerability to external factors, in that, "financing of the productive investment process will be able to depend to a greater extent on our national savings resources."

The law is also aimed at enhancing the diversification of pension fund investments by increasing their returns and security. And lastly, it seeks to substantially improve the openness of capital market operations and reduce conflicts of interest so as to increase confidence in the equitable functioning of this market.

Pension Funds

Foxley pointed out that the most important feature of Pension Fund Law 3.500 is the capability it provides for pension funds to invest in new instruments, including refunding bonds, project financing bonds, securitization bonds, low-liquidity stocks, new foreign equity issues, and funds for the financing of development.

He added that the modification of investment limits enables greater diversification in the pension fund's investment portfolio, expanding the opportunities for investment of funds, and reducing the pension fund's risk. In this regard, he pointed out that the easing and greater diversification of pension fund investments in bonds and other securities is accompanied by a set of regulations on conflicts of interest that could arise between the administering entity and the fund itself. Added to this are the regulations that govern the voting by pension fund administrators in corporations in which they hold shares. They stipulate that the administrators must vote for directors who are independent of the groups controlling the corporation.

Securities Market

The finance minister stated that one of the most important objectives of Capital Market Law 18.045 is to buttress the private-sector's rating of risk. "Knowledge alone of the regulations on the rating of risk, contained in the law on securities, has generated a rapid consolidation and internationalization of the industry of risk rating," he said, adding that for the development of a debt-securities-intensive market, the development of a solid, independent, highly respected risk-rating industry is essential.

He emphasized that the establishing of new norms and mechanisms regulating the use of insider information, including criminal sanctions and the addressing of conflicts of interest, especially in the case of administrators of the funds of third parties, will enhance the openness of the securities market.

First Official Report on Codelco Losses Outlined

94SM0296A Santiago LA NACION in Spanish 27 Feb 94 p 5

[Article by Monica Gonzalez]

[Text] Last Wednesday, President Patricio Aylwin finally received the Treasury Inspector's Office's first report on the huge losses amassed by Codelco [Copper Corporation]. And the chief executive must have breathed a sigh of relief upon being informed that—as found by the country's principal auditing body—the responsibility for those losses stops at the level of Codelco's former chief executive officer, Alejandro Noemi.

At this point in time, after an exhaustive examination of the proceedings of Codelco's Board of Directors, after taking the depositions, not once but several times, of its former executives and of others who are still with the Copper Corporation, after a thorough analysis of a large number of operations with brokers, and after having heard the testimony of Juan Pablo Davila at least twice (the last was on 14 February), the Treasury Inspector's Office has concluded that there was a flagrant breakdown of the control systems in place for supervision of the operations conducted by the Department of Futures Markets.

In a separate paragraph of the report, Treasury Inspection officials Raul Ailtken, Marcelino Pineda, and Martin Garrido conclude that: "The spirit and regulation relative to metals market operations were systematically violated by the Department of Futures Markets, without any supervisory monitoring of the situation having been exercised by the committee created for this purpose, the management, or the deputy manager for sales."

The cited committee consisted of Gonzalo Trivelli, vice president of marketing; Ignacio Guerrero, vice president of finance and treasury inspection; Owen Guerrini, sales manager; Carlos Derpsch, deputy sales manager; and Davila himself.

The report finds that the committee, created on 24 September 1990 to evaluate periodically and oversee the operations managed by Juan Pablo Davila, ceased functioning on 13 August 1992, the date of record of the minutes of its final meeting.

The Treasury Inspector's Office is delving, furthermore, into several of the contradictions incurred by Davila since the irruption of the case. For example, Codelco's former operator has insisted that the computerized monitoring systems that it had been decided to use in futures operations were not used because they were inoperative.

After a diligent on-site investigation at Codelco's head office, however, the Treasury Inspector's Office found that, two years ago, the company decided to purchase this monitoring equipment. In December 1991, the necessary hardware—an A.S.400 computer—was purchased, and simultaneously, a contract was signed for procurement of the software. The contract bore a German signature.

The investigation revealed that since April of last year the complete system has been in operating condition, and that it was not put into operation not because of any technical fault or lack of any element in the system, but simply because the data that Davila was to provide was never inputted.

November: Key Month

But there is more. The Treasury Inspection experts also discovered a situation that goes back to a date in November of last year and that has become a key piece in the investigation.

On that date, two of Juan Pablo Davila's management superiors, Carlos Derpsch and Gonzalo Trivelli, were informed that as of that moment Codelco had open positions into 1994 involving losses on the order of $10 million. That is, the margin of exposure expressly set by Noemi when he authorized operations of that type had been exceeded by a factor of 10.

The information concerning these losses did not emanate from Juan Pablo Davila on that occasion, but from one of his subordinates, operator Gonzalo Sanchez, who for that reason had to testify more than once before Minister Benquis.

That seems to have been the starting point of all the confusion as to whether Davila actually realized gains of more than $30 million in 1992. Be that as it may, it turns out that, instead of immediately ordering the placement of stop-loss orders, as they should have, Trivelli and Derpsch allegedly instructed the "star" operator to transfer the loss to 1993.

Moreover, the Treasury Inspector's Office report cites another fact that can hardly pour oil on the government's troubled waters. According to the above-named experts, losses could exceed the $206 million figure by an amount close to $40 million. The definitive figure will have to be determined month by month, step by step, given the high degree of fluctuation of copper prices on the international market, and the impact they will have on the still open operations effected by Juan Pablo Davila.

Colombia

Attorney General on De Greiff, Drug Efforts

PA1304175794 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 13 Apr 94

[Telephone interview with Attorney General Carlos Gustavo Arrieta by unidentified reporter; from "Caracol's 0600 to 0900" newscast—live]

[Text] The big news in the last few hours was a news conference by Prosecutor General Dr. Gustavo de Greiff yesterday. Dr. de Greiff clearly refuted U.S. Senator John Kerry and revealed the text of a letter his office sent Kerry days ago indicating the mistakes and untruths presumably contained in the senator's statements on the drug trafficking problem in our country and on the efforts of the Prosecutor General's Office.

The prosecutor general also criticized the national government and —if you read between the lines—the Justice Ministry. De Greiff told reporters that the justice minister—on behalf of the executive branch—defended [words indistinct] as it is commonly said, before Congress, a bill that would later become the nation's new penal code, which is the center of controversy right now.

De Greiff also lashed out at certain media, accusing them of not having read the documents in question. He accused the media of distorting his position toward La Quica [Dandeny Munoz Mosquera] and the letter he sent the U.S. judge handling the case. In sum, the prosecutor's decision not to step down will leave much to be done and ample material for comment by the media.

Prosecutor General de Greiff urged the national government to work together against the drug trafficking cartels. He recalled that the executive branch worked intensively in discussing the issues and drafting the penal procedural code. As previously mentioned, the prosecutor general criticized the justice minister and said he does not understand why a decision that was discussed and jointly adopted is now being criticized.

That collaboration, that harmony among the various branches of public power to establish a common front against drug trafficking, was also demanded in due time by an official who has appeared to be conciliatory, who has served as a bridge in the reestablishment of talks between the prosecutor general and the president as well as with the justice minister. We are talking about

Attorney General Carlos Gustavo Arrieta. Good morning, Attorney General Carlos Gustavo Arrieta.

[Arrieta] Good morning. How are you?

[Reporter] What is your opinion about the documents revealed to the general public yesterday by Prosecutor General Gustavo de Greiff and about his news conference, especially the last part of it, when he requests greater harmony and cooperation among the branches of government to fight drug trafficking.

[Arrieta] I think it is the most important part of the document. I am talking about the latter part, where the prosecutor general urges the executive branch to cooperate in the entire process, with the criminal policy, with the (?repentance) policy. He pledged to do his part. De Greiff also reaffirmed his determination to continue fighting drug trafficking.

We all want to deal with the core of the problem [words indistinct] in the past months. I think that if the Prosecutor General's Office is clearly determined to contribute and participate in the [words indistinct], then we have taken an important step toward breaking the deadlock.

[Reporter] The media have reported that the prosecutor general agreed, as the president did this week, with the presentation of a bill to Congress to reform certain rules of the penal procedural code. You met yesterday morning for several hours with Prosecutor General de Greiff. Were you able to discuss which chapters or issues of that penal procedural code should be reformed?

[Arrieta] Frankly, this was an idea we had discussed on several occasions. We also discussed it with certain government officials and, fortunately for the country, there has been progress.

There is a consensus on the need to review certain points of the penal code and the code on penal procedures. The penal code brings together a series of legal provisions which, as I mentioned, are dispersed in more than 50 or 60 regulations. We need to review sentences and adjust certain aspects of the code on penal procedures that I think merit review, such as that which concerns automatic advantages [ventajas automaticas] and the implementation of certain benefits.

I dare say that there is almost a consensus, and I expect our proposal to be accepted so we can form a working group that will be able to quickly present a coherent draft to Congress. We cannot make mistakes. We will take a week to do things right, but I do hope that we will be in the position—I repeat—to present a draft to Congress in two or three months with the suggestions we have made plus those that the Prosecutor's Office feels are important, because Congress believes that it is vital that this draft be presented correctly.

[Reporter] Based on what you just said, we can surmise that there are three basic aspects: the [word indistinct] of 50 or 60 regulations that are dispersed in various codes; the review of sentences that seem to be too short—there is a consensus about that in the country; and the review of what you termed automatic advantages and certain benefits for those who turn themselves in. Are there points of disagreement?

[Arrieta] As for [words indistinct], I do not think there is any discrepancy. In that specific aspect, I do not think there is any disagreement; on the contrary, there is a consensus. I feel it is also important to mention the famous Article 369E, which was so controversial in its own time. Do you remember a couple of months ago when it was implied that certain people were being investigated by the prosecutor general.

[Reporter] Is there a consensus on reforms to Article 369E? Does the justice minister, who so vigorously defended the way it was drafted at Congress, agree with it?

[Arrieta] [Words indistinct] a small disagreement but precisely the work of the commission, made up by the group I mentioned, is aimed at ironing out differences so we can present a project on which we all agree.

[Reporter] Could domestic and foreign critics be right in saying that we are lax in dealing with drug traffickers.

[Arrieta] I think we must realize that the surrender policy and the methods by which it is implemented have had excellent results, but they have also created some problems. We must learn from our mistakes to improve the process. No one thought we would would perform miracles in one or two years. An important procedure was designed and it has had some clear results. We must learn from the mistakes made in the implementation of this policy. We must perfect the process until we have tools that will strengthen the state and allow us to have a clear and effective criminal policy within our laws.

When we talk about doing a review, it does not mean that what we did before did not work. It is something we must keep working on to fine tune these tools until they are right for the purposes for which they were intended.

[Reporter] So you are telling us that we need a legal interpretation of how the principle of favorableness [principio de favorabilidad] of the criminal code will be applied in the event that standards that are currently considered favorable are reformed, making them stronger and more strict for people who are going to be tried.

[Arrieta] You are right, just as you usually are when you comment on legal matters. The truth is that the principle of favorableness implies that some of the changes, especially substantial ones, could be applied only for crimes committed in the future. This is important because it has a preventive effect, an effect that could be useful for the country.

[Reporter] What can be done so that U.S. officials, so Mr. Kerry or the U.S. attorney general, can agree with [words indistinct] penal code?

[Arrieta] I truly do not believe [words indistinct] agree or disagree because Colombia is independent in that sense. I think the basic problem with the United States is a lack of communication. They should understand the vicissitudes, the difficulties, and the characteristics inherent to our national problems. I do not think they simply want us to have legislation that is similar or comparable to the existing legislation because the circumstances are very different. The idea is to come up with legislation that will be in keeping with our situation and that will give us the tools to fight crime and prevent impunity. I believe that [words indistinct] they will understand in the end. If one looks back one will find that there were very controversial decisions in the judiciary which could seem weak, but when they are analyzed under the current laws, they were not controversial per se, such as the [name indistinct] case, the case of the Ochoas, which involved [word indistinct] that, within the Colombian context, were very negative but in the end, the North Americans understood. That is why I say that the problem is not whether they accept or reject it, because Colombia is independent in these matters. It is a problem of [words indistinct] in consensus. [Words indistinct] in the face of controversial decisions [words indistinct] two or three behind [words indistinct] reasonably explain why certain decisions were made, and they understood in the end. [passage indistinct] have been asking [words indistinct] for coherence among all those concerned with this issue because [words indistinct] can present a united front with wise and reasonable explanations there is no reason to [words indistinct]. Our experience in these matters shows that the North Americans have not been [words indistinct] we have been the problem and thus we must think about our own laws in terms of our own criteria and what is best.

[Reporter] With all due respect, Mr. Attorney General, one can understand correspondence and opinions coming and going between Prosecutor General Gustavo De Greiff and Mrs. Reno. What one cannot understand, as a Colombian, is why pay so much attention to what Senator John Kerry has to say? Who is Sen. John Kerry? He is a U.S. senator, he is a very important person, he is very respectable, he is a writer for THE WASHINGTON POST, and so on, but is that enough to have a whole country paralyzed, to have its people divided and waiting for what a U.S. senator has to say?

[Arrieta] That is why it is important to nip this in the bud. I found his statements yesterday interesting, from a certain standpoint. He defined the true dimensions of the problem and highlighted the basic fact that he does not have a full understanding of some areas. I do agree with you, but this is not just any old senator. He is the chairman of the Senate Narcotics Commission. Nevertheless, I believe that as we move on and we explain these things to this fellow, we will surely be able to solve the problem in the end. In general terms, though, I do agree with you on this.

[Reporter] Thank you sir. I have three different issues here. First, is it true that the Attorney General's Office has almost taken over the Administrative Department of Civil Aeronautics?

[Arrieta] I would not really say takeover is the appropriate term. We have been working closely with them and we have had the full cooperation of the department's directors in solving several delicate problems. There were in fact a great many problems regarding investigation and such, so we decided to implement a permanent surveillance system. This was not just to solve the internal problems we found in security, corruption, and mismanagement in the area of licensing. Through this surveillance operation, without affecting the investigative process, we expect to assist them in the implementation of corrective measures within the department, in order for it to operate much better. To that end, I repeat, we have had the full cooperation of the department's administrative personnel. We are very pleased about this, because we can find the solutions if we continue to work together. We have found several very serious problems there and this cooperation system has allowed them to explain the situation. We will continue to have a permanent presence and continuous surveillance there.

[Reporter] Another question. Is the prosecutor general getting his way, from a legal point of view, following the decision to transport five of Pablo Escobar's former lieutenants to participate in judicial proceedings going on Antioquia?

[Arrieta] I do not think so, Dario. I do not think anyone is getting their way. I think that this is a way of finding understanding among the parties. On the one hand we have the prosecutor general's wish to have these people in Medellin so the proceedings can progress. The government is getting its way as well, because there will not be a mass transfer, but one person at a time. That way we will not see any of the public security problems they believe could have occurred. I believe that what we are seeing here is a negotiated solution which tries to avert any possible public disturbance, while serving the prosecutor general's legal purposes. I do not think, then, that anyone is getting his way.

[Reporter] Very well, we will have individual transfers. Will their stay at the Itagui Prison, in Medellin, be temporary or indefinite?

[Arrieta] I believe it will just be temporary, Dario, until certain legal activities are completed, to ensure normal progress of the various cases. As soon as they finish they will return to Bogota, unless the conditions that led the government to object to the transfers still prevail.

[Reporter] We thank you for this interview with Caracol, Mr. Attorney General. The last issue has to do with the order issued by the Attorney General's Office and carried out by the Armed Forces and the president. This was the dismissal of Gen. Jesus Armando Arias Cabrales. You had a full year to overturn the special prosecutor's

sentence following the investigation and the legal proceedings. Why did you decide not to overturn that ruling? Why did you ratify your predecessor's ruling?

[Arrieta] I think it is important that we set the record straight on this issue. This office could not legally overturn my predecessor's ruling. Legally, given the circumstances at that specific time, the ruling could not be revoked, whether I agreed with it or not. According to the law, once a case is filed under the jurisdiction of the administrative legal authorities, and that authority rules on the charges, their ruling cannot be revoked. The attorney general could not legally revoke the ruling, whether he agreed with it or not.

[Reporter] Under the law and in your mind, did you agree with your predecessor's ruling?

[Arrieta] Dario, it is very difficult for me to answer that, but let me say what I have said on several occasions. When we examined the case we found that there were certain additional issues that should have been investigated, particularly in two areas. The first question was which higher ranking officer gave Gen. Arias Cabrales certain orders regarding the operation? I do not mean civilian authorities; I mean the military authorities that participated in the operation, besides Gen. Cabrales. Then there is a question of who was involved in the specific action that prompted the Attorney General's Office to investigate—the events that took place in the restroom located between the third and fourth floors of the Justice Palace.

I think it is important to make one point here, Dario. When the Attorney General's Office examined the case, it did not examine the operation in general. Many believe that the office's decision was against the reaction, the use of the tanks, the fierceness, the violence, and so on, and that is just not true. The ruling has to do with the specific and precise events that took place on 6 and 7 November—particularly 7 November—in the restroom between the third and fourth floors.

[Reporter] You mean the alleged abuses and excessive use of force the Armed Forces displayed?

[Arrieta] Dario, the Attorney General's Office argued that when these events took place, the Palace had almost been recovered and there was almost no resistance. The hostages were concentrated at specific locations and the rebels were also grouped together. The Attorney General's Office found what went on in the restroom between the third and fourth floors merited some degree of admonishment. The troops opened a hole in the wall using dynamite or a rocket and shot into the room with a machine gun, against rebels and hostages alike. The Attorney General's Office ruled against that specific line of action. That is why the attorney general sentenced Gen. Arias Cabrales.

[Reporter] It was not because he followed orders from higher ranking civilian and military authorities, but for that specific incident?

[Arrieta] I think the debate has wandered off in that direction. The orders he received are not in question. No one said that obeying orders frees you from all responsibility, as long as these orders are carried within the law. I cannot but agree with the justice minister, because I do not believe there was a specific and direct order to open fire with a machine gun into a room containing 60 or 70 people. That is the part that has created the controversy. There is a question of whether Gen. Arias Cabrales is in fact directly responsible for these specific acts and I have found no specific evidence in the file to prove that. This is why I am in no position to give you a specific answer to your question. I do believe it would be beneficial to offer the people a more detailed explanation about why the Attorney General's Office made this decision.

[Reporter] Why has the president remained so silent. At the time he was a congressman and a spokesman for presidential candidate Virgilio Barco. He strongly criticized Former President Belisario Betancur, the minister of defense, and other high government officials for having issued the orders?

[Arrieta] Dario, I cannot answer that question.

[Reporter] Thank you, Attorney General Carlos Gustavo Arrieta, for accepting this interview for Caracol.

Court Increases Ochoa's Jail Time, Reduces Fine

PA1204222694 Paris AFP in Spanish 0056 GMT 10 Apr 94

[Text] Medellin, Colombia, 9 Apr (AFP)—Drug trafficker Juan David Ochoa will have to serve 15 additional months in jail, with respect to his initial sentence, although he has also won a $100,000 reduction in his fine, the regional prosecutor's office in Antioquia Department, northeastern Colombia, reported on Saturday. Thus, the sentence of the eldest of the three Ochoa Clan brothers now stands at 93 months in jail (instead of 78), and he will pay, thanks to the reduction of his fine, $300,000 (240 million pesos) instead of $400,000.

Juan David Ochoa, together with his brothers Jose Luis and Fabio, of the Medellin drug cartel, voluntarily surrendered to justice in 1991. The first sentence handed down against the confessed "narco" at the beginning of this year for collusion, illegal enrichment, and financing clandestine laboratories to process cocaine took into account his good conduct, work, and studies in prison.

The decision to increase his jail sentence and reduce his fine were negotiated under the surrender to justice policy that grants benefits to drug traffickers and paramilitaries who voluntarily surrender, confess to at least one crime, and agree to return money obtained through illegal means. According to unofficial reports, the former "capo" did not have the money to pay his fine and thus agreed to spend an additional 15 months in prison in exchange for a reduction of that fine.

It has also been reported that the sentence meted out to paramilitary Jose Otoniel Vanegas, who also surrendered

voluntarily to authorities, was reduced to 15 years in prison for the murder of Conservative Party Senator Alfonso Ospina Ospina in 1988. The National Tribunal considered that his initial penalty—19 years—had been excessive and granted him a four-year reduction.

The measures against Ochoa and Vanegas were adopted within the framework of reversal hearings for the anticipated conclusion of their trials, which were carried out in the presence of the prisoners, their defense attorneys, Deputy Prosecutor General Jose Sintura, Attorney General's Office representatives, a prosecutor, and a regional judge.

Magazine Issues Communique on Wiretapping Case

PA1104151094 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 7 Apr 94

[From the "24 Hours" newscast]

[Text] The controversy between the weekly magazine SEMANA and Julio Mario Santo Domingo over alleged wiretapping has not ended. SEMANA issued a communique today saying that it will wait for a ruling from the Colombian judicial authorities as this is not merely a case of gossip but a serious crime.

Santo Domingo had previously issued a communique denying a report published by the magazine linking him to an alleged case of wiretapping.

Candidates' Economic Proposals Critiqued

94SM0282A Santa Fe de Bogota EL TIEMPO in Spanish 3 Mar 94 p 5A

[Commentary by Guillermo Perry: "Pastrana's Shifts"]

[Text] This week's edition of PORTFOLIO carries an interview with Conservative candidate Andres Pastrana titled "'No' to Revaluation." It is surprising, to say the least, that less than three weeks after launching his program, Dr. Pastrana has decided to change his position on such a central issue as how Colombian economic policy should be handled. Indeed, on page 5 of his announcement speech, one reads: "The recent evolution in the rate of exchange is largely the result of having a more open economy that has at the same time won the trust of national and foreign investors." In other words, 20 days ago, Pastrana defended the revaluation process as something inevitable and almost appropriate, given the recent influx of capital.

On Monday, for reasons I ignore, he decided to support Ernesto Samper's position. For more than eight months now, the Liberal candidate has been explaining that "revaluation is not the path" for an open economy because it hurts exports and all activities that compete with foreign products and services. He has therefore pledged to support a macroeconomic policy that will keep the real rate of exchange stable. What fate would await the country on such a delicate issue as exchange policy in the hands of Andres Pastrana if he changes his mind on the matter every 20 days?

Nor is this the first time this has happened in the past two weeks. It is a well-known fact that Ernesto Samper has focused his program on the generation of an adequate number of productive jobs. At the international seminar on Liberalization and Employment sponsored by his campaign and held in Medellin on 28 January, he laid out his employment policy in detail, giving out the figures on how many jobs would be generated by its different components: the export plan, agricultural conversion plan, investment and physical infrastructure programs, low-income housing and human resources, a program to support mini- and small businesses, programs to recruit and train vulnerable groups. According to the numbers, Samper's program would create 1.5 million new and better jobs over the next four years, exceeding the goal of 3.5 million new jobs set for the decade.

In contrast, the jobs issue is not among the seven priorities contained in Pastrana's program, priorities publicized profusely in paid advertisements carried by all the daily newspapers and the topic of his announcement speech. His platform, which, as President Gaviria would say, is more of a telephone directory than a true platform, devotes only two of its 200+ pages to the problem of employment, contains no overall strategy for handling it, and offers absolutely no figures whatsoever on the matter.

Bombarded with criticism as the result of such a notorious omission on an issue so critical to all Colombians, candidate Pastrana next tried to dispatch the matter by saying that if 1.5 million jobs were created under the Gaviria Administration, he thinks more could be created over the next four years. In addition to being superficial, the argument contains one tiny flaw: Even the most optimistic calculations estimate that fewer than a million jobs have been generated over the past four years. Pastrana's lack of seriousness about and commitment to the issue of employment is more than obvious.

The third example of the same approach is the agricultural sector. In his announcement speech, candidate Pastrana goes after the subsidies and protection for the agricultural sector that are part of Samper's Agricultural Conversion Plan. Pastrana said textually on the day he announced that "we shall remove the barriers preventing the agricultural sector from joining the commercial world." "I am telling you that the solution to the crisis does not lie in trying to compete by granting equal subsidies" (equal to those extended by other countries) and that "our only path is to achieve greater efficiency" (in order to overcome the agricultural crisis). In recent days, he has changed that position in public speeches, offering all manner of support to the rural world. Pastrana's position on agriculture apparently depends on whether he is speaking at the Bogota Convention Center or in a town square!

The last and most incredible change in position is on the Bogota Metro [subway]. After saying "No" to the Metro in two speeches and opposing Samper's proposal, on the television program "Panorama" broadcast on 28 February, he said with particular cheekiness that he would build the Metro in Bogota. He added that he proposed to do so when he was mayor, even though all Bogota residents recall that he killed the Metro when the Barco Administration and Mayor Sanchez had practically awarded the contracts. By the same standard that you judge, you shall be judged!

When the Samper campaign urged candidate Pastrana to take the high road during the campaign and engage in a debate based on ideas, no one ever imagined facing a chameleon-like strategy that changes color to blend with the background: Prussian blue when speaking to the Conservative Convention and when writing to Alvaro Gomez on their many points of ideological agreement; pinkish when sensing a sprinkling of Liberals in the audience.

Whether it be on the revaluation, employment, agricultural policy, or the Metro, the country at least knows what to expect from Andres Pastrana: "In all likelihood, who knows?" as he himself said in answer to a question on a different issue put to him by the periodical CAMBIO 16 two weeks ago.

Advisers Discuss Candidates' Qualifications

Samper's Qualifications Described

94SM0286A Santa Fe de Bogota SEMANA in Spanish 15 Mar 94 pp 26-27

[Commentary by Fernando Botero Zea, principal adviser and strategist for the Samper campaign: "Why Ernesto Is Going To Win"]

[Text] It would be difficult for the overwhelming majority of citizens to conceive something more confusing and complicated than presidential elections. With what the traveling, the alliances, and the speechmaking, voters easily get lost amid the hubbub of the campaigns. When the smoke of the electoral battle clears, however, it becomes obvious that campaigns, here, there, and everywhere, boil down to three elements: party affiliation, the candidates' image, and their platforms. In the case of Colombia, an analysis of the three variables leads to a simple, inexorable conclusion: Ernesto Samper will be the next president of the republic.

Party affiliation: Belying all forecasts, the current campaign has been conducted along distinctly party lines. Carlos Lleras de la Fuente's entry into the Liberal primary and Alvaro Gomez's support for Andres Pastrana's Conservative candidacy are effects rather than causes of this development. In this regard, being the sole candidate of the Liberal Party carries a huge advantage. The Liberal Party encompasses almost half of the electorate (46 percent) and has an admirable track record of reforms to help the weak, young people, and women, and it has now set the stage for Colombia to benefit from the internationalization of its economy. The Liberal Party has been the driving force behind the major political and economic reforms of recent years, and another of its assets is the most successful and popular president in the country's recent history. In contrast, Pastrana's position is extremely weak. With the millstone of the minority party on his back, he has had to resort to a supraparty strategy that does not enjoy credibility among the public. The inadequacy of the program "Liberals with Andres" and the difficulty of finding a prominent Liberal as a running mate reflect this harsh fact.

The Candidates' image: Pastrana has clearly deployed all of his artillery in the image battlefield. Will it be enough to win the election? Although I am not unaware of the positive image that the Conservative candidate may have, there are obviously major obstacles to his winning the big prize this way. The polls and the "group sessions" are starting to point up the artificial streak in Pastrana's image. The transition from a former president's son to a supraparty candidate and the sudden transformation from a newscaster and rock-and-roll promoter to a man of substance and ideas smack of an artificiality that the public is readily noticing. People are increasingly of the opinion that Pastrana is too green to take up the most important job in the country. Moreover, Mayor Pastrana's image has been tarnished somewhat as people grow increasingly aware of two key blunders during his administration: the city's heavy borrowing (people are saying that Pastrana bankrupted the city) and blocking the construction of the Bogota subway. Samper has not devoted his life to polishing his image and therefore finds such an effort more difficult. In spite of the above, Samper is known as an experienced man who has devoted much of his public life to the economic and social issues that are keys to this election. Moreover, at this political juncture, concern for people is going to be a crucial factor, and in this regard Samper's social sensitivity, warmth, and why not come out and say it, sense of humor are invaluable assets.

The platforms: Essentially, Samper is well positioned in terms of his platform. He supports President Gaviria's policies but says that more must be done by moving from the purely economic phase of liberalization to the social phase. He has focused his campaign proposals on the issue of jobs and on raising the income of Colombians. These factors make Samper part of the worldwide trend that has recently won elections in countries as dissimilar as the United States, Costa Rica, Canada, and Chile. The difference between him and Pastrana is enormous. The Conservative candidate's diffuse platform identifies him as an extremist on liberalization; jobs do not have a central place in his platform, and his social proposals have all the overtones of the old welfare-state policies that are discredited around the world. In this regard Pastrana seems out of place and behind the times. The Conservative candidate has tried to correct these shortcomings in recent weeks with belated proposals for jobs and mass transit. The underlying point is this: even if

Pastrana takes up Samper's issues as his own every time that the polls tell him to, public opinion believes in the Liberal candidate because of the concrete results that he has achieved on economic and social issues in settings as diverse as ANIF [National Association of Financial Institutions], the Senate of the Republic, the Ministry of Economic Development, and our embassy in Spain.

I have some final thoughts about political strategy. At this point, the big difference between Samper and Pastrana is the cards that each has yet to play in the electoral poker game. The fact is that Pastrana has used up almost all of his weapons, whereas Samper is holding his gun powder in reserve, dry and ready. Samper is still seeking the nomination, whereas Pastrana already has it. Samper has the Liberal Party Convention and his nomination as the single candidate ahead of him, whereas Pastrana has already been nominated by the Conservative Party. Samper has not yet launched his publicity campaign, whereas Pastrana's advertising has been on the street for a month. Samper has not undertaken the much needed reorganization of the Liberal Party or selected his vice president, whereas Pastrana, who has barely recovered from the setback of Alvaro Gomez's support, has huge difficulties ahead of him in making sure that his running mate is a Liberal. So when the political battle intensifies, Samper will have a large reserve of ammunition, whereas Pastrana has, in essence, used up most of his weapons.

For all of the above reasons, this election is, as the Liberal candidate's publicity proclaims, simultaneously the people's day and Samper's day.

Pastrana's Qualifications Described

94SM0286B Santa Fe de Bogota SEMANA in Spanish 15 Mar 94 pp 28-29

[Commentary by Luis Alberto Moreno, general coordinator for the Pastrana campaign: "Why Andres Is Going To Win"]

[Text] With the support of the Colombian people, Andres Pastrana is going to be the next president of Colombia. The reasons are threefold:

1. His understanding and practice of politics; 2. His serious, specific, and viable government program; and 3. His compatible, serious, and imaginative team of colleagues

1. Andres Pastrana understands and practices politics in a different way. He tries to surround himself with competent, upstanding people, no matter what party they belong to. He did this as mayor and in the Senate, where he worked with Liberals, Conservatives, and independents. Andres' multiparty philosophy stems from his own convictions about who he is and what politics is, convictions that he has demonstrated with deeds. This is unlike the multiparty approach that Samper Pizano has proclaimed at the eleventh hour, motivated by a publicity strategy as with so many of his proposals.

Andres is in tune with the new country. This is why every day he receives more support from young people, women, and independents. They are the spokespersons of a Colombia that is tired of empty promises, corruption, and political hucksterism. And they are key pieces in Andres' political agenda, as he believes in young people and in women, not because of their age or their sex but because of their potential, which has not been properly harnessed.

It is with good reason that Andres has been building his credibility among the public. Those who think that this campaign is and ought to be polarizing Liberals and Conservatives are wrong. This is a short-sighted view of the citizenry's position. At bottom, this campaign is about credibility and trust, about the person Colombians believe in and in whose hands they will place their country's future. In this regard, the support for Andres is telling. People know him; they know that he is straightforward, honest, committed, and experienced. Those who identify with the new politics acknowledge him as such. They remember his record as mayor; this is why more and more people are supporting his political agenda every day.

In contrast, the feeble single-party approach does not represent the new country. Political parties are going through an unprecedented crisis. It is a surprise to no one that patronage and corruption are no longer the exception but the rule, thus putting an end to ideological debate. They have replaced it with a simplistic blend of mechanical alliances and with subliminal messages that wind up trivializing politics. This shows that they underestimate our thoughtful, reflective young people, who would like to analyze and compare platforms before voting for a color or article of clothing of little significance.

Colombia is tired of lies. The incident involving Samper Pizano and Juan Gomez Martinez is truly regrettable. To offer the vice presidential nomination to the current governor of Antioquia and then to retract it is altogether irresponsible. It is worrisome that a presidential candidate's credibility has been undermined, to judge by the opinion poll that one radio news show conducted. The fact is that Samper Pizano should have acknowledged the offer he made and explained the political circumstances under which he did so. The country would have preferred a clear answer to a lie.

2. Andres Pastrana is the only candidate who has put a serious, specific, and viable government program before Colombia. For the first time in history a candidate has identified what the priorities of his administration would be, what they would cost, and where the revenue would come from. Andres' government program is, in itself, a development plan. It has a profound social content. Education, drinking water, and housing are priorities, because we want to make a leap towards development. Andres is committed to these issues and to the environment, infrastructure projects, agriculture and agribusiness, the modernization of government, security, justice, and a growing economy, based on the liberalization model, that can

create more and better jobs, and his commitment is the result of a responsible analysis of national realities, of people's needs, and of ways to meet them.

Meanwhile, shallow proposals such as the ones that Samper Pizano made at the Economic Association of Friends of the Country, for example the need to update our antimonopoly legislation, reflect a lack of familiarity with the real world. When I was development minister, I issued the regulations for promoting competition that implemented the principles set forth in Law 155 of 1959 and that contain provisions designed to insure a free market without abuses by the players in it. This law is now being enforced. Therefore, to call for its updating when it has been in effect for barely a year is superfluous. The problem here is a lack not of laws but of political will. And Andres has never lacked will.

The other side's lack of a program is also worrisome. The country is aware of Samper Pizano's contradictions. Let me mention a few. In May 1993, for example, he said that "the circumstances that justify the legalization of drugs are more imperative now." But he later asserted that such a move "would be an insult to those who have been slain by narcoterrorism." During his time in the Development Ministry he fiercely attacked the liberalization policies of the administration he was serving, which cost him self-exile in Spain. Now, in contrast, he admits that he wholeheartedly backs such policies. Likewise, during his 1989 presidential campaign he defended patronage as "a personal relationship between a political leader and the community that he is trying to help." Today, however, realizing that this political practice is on the decline, he says that "patronage continues to exist and is worrisome." I share this concern with Colombia: our citizens want clear-cut positions, not vacillation.

3. Andres Pastrana has a compatible, serious, and imaginative team of insightful colleagues who can make adjustments. One of Andres' major virtues is that he knows what sort of people to surround himself with. He demonstrated this throughout his term as mayor and in the Senate. His campaign team is conscientious and works together. Most of us have known each other for many years; we are friends and we believe in Colombia and in Andres. None of us seeks personal gain. This is why we are working with enthusiasm and conviction. We have not had to make a pile of mistakes or heal rifts within the campaign staff, as the other side has. This quality has enabled us to remain in tune with each other and to act promptly, imaginatively, and tenaciously.

Andres Pastrana will be the next president of Colombia because he is an open, receptive man who understands and practices politics without sectarianism or clannishness. Because he has shown his independence by taking stands that benefit the country above and beyond groups and parties. Because he is a man of action, as he has shown in both the mayor's office and in Congress. Because he has the moral authority and the resolve needed to combat corruption. Because as a public official he has been steady and calm during crises and in handling problems of law and order. Because he is a team player and surrounds himself with good people. Because he is a man with renewal-oriented ideas. In short, because what Andres wants for Colombia is what the great majority of Colombians want.

Paraguay

Wasmosy To Do 'Everything' To Keep Democratic Process

PY1304221094 Asuncion ABC COLOR in Spanish 13 Apr 94 p 5

[Text] When asked about the remarks made by Julio Cesar Vasconcellos, who stressed that it would be an insult to the independence of the branches of government if there was a call for the impeachment of Supreme Court members, and that it could cause anarchy in the country that would fully justify closing Congress, President Juan Carlos Wasmosy said: "I will do everything in my power to maintain this democratic process. I believe that even with all the mistakes and imperfections, we are advancing and that all of us have to mature, but I will never implement a measure that will cause a backward step in this democratic process. I am following this very closely."

The possibility of closing Congress was rejected by Wasmosy, who indicated that he would not accept any type of pressure, even if it existed, to close Congress.

Asked what "everything in my power" meant, the chief of state indicated that he was referring to his absolute desire to make the democratic process work. "In other words, I am going to give this democratic process everything that I can to consolidate it, and I do not believe the democratic process will be consolidated by closing Congress. That is what I meant," he stressed. Asked whether that desire had limits, he said: "There are no limits."

Army Commander Division General Lino Cesar Oviedo indicated that there are no signs in our country of the possibility of a self-coup through the closing of Congress, and he also rejected that he would support any type of attempt to violate the Constitution.

"In principle I see no signs of a self-coup. This is all I can say," the military chief said.

He added that the military chiefs will obey the decisions of Juan Carlos Wasmosy, commander in chief of the Armed Forces and president of the nation, as long as he rules his government on the basis of the Constitution.

"I am going to cooperate with President Wasmosy on the basis of his oath to respect the Constitution and have it respected. In this way I will cooperate because I risked my life for democracy," he stressed when he insisted that he will not support any type of coup d'etat that violates the Constitution.

Oviedo also indicated that the project to reduce and modernize the military structure remains firm. "Within the Army there are six fewer generals, and the Paraguayan Armed Forces' budget is located in third place of the lowest budgets in the world," he said.

Oviedo stated that the operational costs of our country's Armed Forces are the lowest in the world in relation to the number of its inhabitants.

He explained that the clearest indication that there has been a reduction in the Armed Forces is the fact that its budget was cut 27 percent compared with last year's budget.

Minister: Nation Needs Help To Fight Drugs

PY1304213194 Asuncion ABC COLOR in Spanish 13 Apr 94 p 10

[Excerpt] Foreign Minister Luis Maria Ramirez Boettner stated on 12 April that our country does not have the resources to combat drug trafficking or other illegal activities. He indicated that this is why cooperation and help from the consumer countries is needed, and he proposed as a solution that "drug trafficking has to be fought where drugs are consumed."

Former Bolivian President Jaime Paz Zamora said these same words when he received the U.S. demand that his country must fight the cultivation of coca leaf, which is the raw material from which cocaine is produced.

During the past few days our country has been involved in the trafficking of drugs or other illegal activities such as the Brazilian "numbers game." When the foreign minister was asked what the government is doing to clear up the bad image that has been created, he said: "I believe the government is doing everything it can to control drug trafficking and other illegal activities. We do not have sufficient resources to combat drug trafficking, and the help Paraguay receives from the consumer countries is not very much."

He indicated that the government cannot perform miracles without the necessary resources. He stated that our country has requested cooperation and help from the consumer countries, "because drug trafficking must be fought where the drugs are consumed. Because if there is consumption and an good price, then without a doubt there will be production and the possibility of [drug] routes."

He then proposed another solution to this scourge: that the consumer countries emphasize aiding the countries where the drug is produced or in countries where drug routes are discovered. [passage omitted]

Israelis Locate Alleged Palestinian 'Terrorist'

PY1304174094 Asuncion ABC COLOR in Spanish 13 Apr 94 p 9

[Excerpt] The Palestine terrorist Imadal Mekdav [name as published], a Shiite who over the past few days became the most wanted man in this part of the continent, has again been located in Lebanon by Israeli security forces posted to that country.

Commissioner Enrique de Jesus Martinetti, chief of the National Police Intelligence Department, reported that he has received a confidential report confirming this data from the Israeli Intelligence Service.

"He (Imadal Mekdav) has again been located in Lebanon, and the Israeli Intelligence Service is on his heels. In any case it has been suggested that we continue the investigation, just in case there are ramifications," Martinetti said.

The police chief confirmed that Imadal Mekdav and another person arrived in a South American country—presumably Paraguay or Argentina—some weeks ago with the objective of attacking an Israeli diplomatic seat.

"This man and another Shiite came to Paraguay or Argentina. One of them returned immediately to the Middle East, but the other remained," the intelligence chief said.

Martinetti indicated that at present it is not known whether the Shiite came to Paraguay or to Argentina. "What is known is that the Israelis warned the Paraguayan and Argentine police forces that two Palestinians had arrived in one of the two countries, with unknown intentions. One of them remained somewhere around here. The report indicates that he came to carry out sabotage actions," Martinetti said.

"These people are fundamentalist fanatics that want to expand the struggle, known as the intifadah, against the Israelis in other parts of the world. And one of their ways is to attack diplomatic seats," he added. [passage omitted]

Judge Suspends Adoptions of Babies Headed for U.S.

PY1404025394 Asuncion ABC COLOR in Spanish 13 Apr 94 p 92

[Excerpt] No less than 23 babies, most of whom apparently are in an irregular situation, were discovered during raids carried out in an Asuncion luxury hotel and in a day care center in Fernando de la Mora District. A legal expedition, headed by Judge Nelson Mora, initially discovered seven [number as published] babies in the day care center. Later, 16 babies were discovered in the Gran Hotel del Paraguay. It is estimated that 11 babies might be in an illegal situation.

The operation began at noon on 12 April at the "Villa Esperanza" day care center at the intersection of Libertad Avenue and 25 de Agosto Street in Fernando de la Mora District. Three boys and four girls, ranging from three to six months of age, and a 22-day-old baby were in the day care center.

The woman running the day care center did not have any documents on the babies. Therefore, the judge banned the babies' removal from the day care center. The babies' adoption proceedings are being handled by Judges Jorge Amarilla, Ninfa Alcaraz, and Juan Angel Bernal.

At the day care center, the court officers discovered the records of three other babies: Natalia Caballero, Javier Olmedo, and Maria Elba Ramirez, all of whom are four months old.

According to Norma Saldivar, the woman running the day care center, these babies were at the Gran Hotel del Paraguay with their respective adoptive parents. These babies were scheduled to travel abroad on 12 April. Therefore, the judge ordered the immediate suspension of their adoption proceedings and went to the luxury hotel.

At the hotel, the judge, to his great surprise, confirmed that not only the three babies mentioned by Norma Saldivar were there, but many more. He immediately ordered an inventory to determine the number of babies there and if any of the three babies, whose whereabouts were reported as unknown [as published], were there. The three babies were actually at the hotel, along with 13 other babies, all of whom already were with their adoptive parents. Four of these babies reportedly are in an irregular situation. The adoption proceedings for the rest of the babies reportedly are under way or have been completed.

According to the documents carried by the people involved, it was learned that all the babies are bound to leave for the United States, specifically to Michigan, Ohio, Atlanta, and Minnesota.

Since the babies' origin is doubtful, the judge summoned the attorneys handling the adoption proceedings to present the babies' documents by 0800 today at the latest.

Judge Mora ordered that the mothers of the babies involved present themselves to the court to testify in order to confirm the conditions under which they delivered their babies for adoption. [passage omitted]

Peru

New Electoral System for Elections Disclosed

PY1304233694 Lima EXPRESO in Spanish 4 Apr 94 p A4

[Text] In addition to the political reasons of the government majority in Congress for holding the 1995 general elections with the electoral system established in the current Constitution, there are concrete proposals of a technical nature to prevent the new electoral institutions from falling into the bureaucracy and slow procedures of the previous system.

For example, the National Election Board [JNE] will be reduced from the current six administrative levels to only three: National Board (five members); General Secretariat, Internal Control, and Auditing (at the same level); and third and last, Special Electoral Boards, Archives and Registry, Public Relations, and General Services.

In other words, it will have seven sections that, according to government bloc experts, will not need more than 30 employees.

It would be a National Election Board specialized in electoral justice. It would only be a court.

The technical report says the JNE currently has more than 1,200 employees—without counting those on contract—and almost half of them are here in Lima.

Regarding the National Electoral Process Office, ONPE, the proposal for organizing this office has three levels: National Headquarters; Planning and Organization, and Control and Auditing; Decentralized Process Office, Information, General Services, and Electoral Procedures, which would be in charge of the systems, operations, and logistical offices.

The government experts said the ONPE should be a very small institution that should not have more than 30 employees, but temporary organizations with more employees can be established during elections.

This office is the most complex of all to the point that the Constitution itself says that the integration of all registries of the country in a single office—which currently are in the hands of the municipalities—will be made gradually.

Shining Path Campaigns To Visit Guzman

PY1304223794 Lima LA REPUBLICA in Spanish 5 Apr 94 p 7

[Text] Mexican attorney Jose Enrique Gonzalez Ruiz and U.S. attorneys Peter Erlinder and Leonard Weinglass have been hired by the Shining Path [SL] International Emergency Committee (CIE) for the Defense of Abimael Guzman's Life, which has appeared before the Inter-American Human Rights Committee (CIDH) to condemn the Peruvian Government for the way it is treating the Maoist leader.

Colombian attorney Juan Jose Landinez, who travelled to Lima to support the SL efforts to get a group of legislators to visit Guzman Reinoso to check his health conditions, has joined the group of attorneys.

A large group of SL members believes Guzman has either died or is in a regrettable psychological state because they do not believe he is the author of the letter addressed to President Alberto Fujimori, and less still the person who appears on the videos asking his supporters to uphold the peace accord.

According to the latest "emergency bulletin" issued by the CIE, headquartered in London, so far five delegations of jurists and activists have arrived in Lima to ask the government and the Supreme Court of Military Justice to authorize a visit to Guzman.

However, despite the government's opposition, the SL abroad continues its efforts: "Other attorneys are ready to travel to Lima to continue working until an authorization to visit Guzman is granted (and) donations specifically for this juridical project are welcome. The (Peruvian) Government will not be left in peace on the subject," according to CIE members headed by Abimael Guzman's in-laws.

Moreover, a "Letter of Protest" that will be sent to President Fujimori has been circulated within U.S. intellectual and artistic circles. The letterhead reads: "I support the world demand that you end the abuse and isolation to which the president of the Peruvian Communist Party, Abimael Guzman, is subject."

As if this were not enough, the CIE has sent a delegation to the Philippines and Japan headed by Yuri Kochiyama and Carolyn Hadfield.

The SL is particularly interested in this visit to Japan because, in view of the fact that "Fujimori is of Japanese descent, the campaigns of slander and lies against Guzman and the peoples' war have been very spiteful in the Japanese media. Chauvinistically (sic), Fujimori has been adopted as a Japanese hero."

But they also are concerned over the fact that "since Fujimori assumed the presidency, financial ties between Japan and Peru have increased. During their visit to Japan, the CIE representatives will disclose Japan's true role in Peru."

The CIE, in its exhaustive effort, has got the Pakistani Human Rights Organization and the Kerala Communist Party of India [as published] to also start campaigns in Guzman's favor and to send letters of support to the CIDH.

As part of the campaign, the SL international branch also is distributing a video in English entitled "You Must Tell the World," describing the war unleashed against Guzman and his supporters.

The video includes clips of Guzman's address to the Dincote [National Counterterrorism Directorate], actions perpetrated by terrorists who infiltrated the Raucana settlement, and interviews with attorneys Luis Arce Borja; Guzman's lawyer, Alfredo Crespo Baygrac; and the leader of the International Revolutionary Movement, MRI, Heriberto Ocasio, who was in Lima praising Guzman and his outrageous actions.

The only obstacles the SL has found abroad was the Belgian Government's decision not to allow Adolfo Olaechea Cahuas to enter the country. Olaechea was supposed to attend an event on Peru in Brussels organized by the Belgian Anti-Imperialist League.

Olaechea ended up sending a video recording of his address to the event in which, for a change, he asserts that the people's war will win despite everything.

Is that all the Foreign Ministry was able to do? Is it aware of the Shining Path propaganda agents' presence in Japan?

Arrest of Red Path Leader 'Imminent'

PY1404010194 Madrid EFE in Spanish 2255 GMT 13 Apr 94

[Text] Lima, 12 Apr (EFE) [date as received]—The Peruvian press reported on 13 April that the arrest of "Red Path" terrorist group leader Oscar Ramirez Durand, alias "Comrade Feliciano," is imminent.

According to the newspaper EXPRESO, National Counterterrorism Directorate (Dincote) agents on 11 April found a trail leading to "Feliciano" when they raided a house in Lima's Callao Port where Red Path leaders held meetings.

Five people were arrested in the raid and in addition Dincote agents seized guns and propaganda implicating the so-called Red Path "Central Committee" and the "Lima Metropolitan Committee" headed by Ramirez Durand.

EXPRESO reported that according to a Dincote spokesperson, it is known that Feliciano is in Lima with some of his main lieutenants and that Dincote is following his footsteps.

In the last two weeks, Dincote has arrested in Lima more than 20 Red Path terrorists, some of whom, it seems, have supplied information that will lead to the arrest of their main leaders.

"Red Path" is an armed group that split from the "Shining Path" Maoist gang, rebelled against Shining Path top-ranking leader Abimael Guzman, and rejected the peace negotiations Guzman currently is holding with the government.

Guzman decided to negotiate a peace agreement with the government in September 1993, one year after his arrest, in two letters addressed to Peruvian President Alberto Fujimori in which he admits the political and military defeat of the Shining Path, which took up arms in 1980.

Antisubversive Struggle in Ayacucho Viewed

PY1304222994 Lima CARETAS in Spanish 7 Apr 94 pp 31, 65

[Interview with General Tomas Marky, chief of the Ayacucho Political-Military Command, by correspondent Abilio Arroyo; place and date not given]

[Excerpts] [Arroyo] After 14 years, what is the situation of subversion in Ayacucho where the fighting began?

[Marky] It has been reduced considerably. I believe the reason for this success—in addition to the capture of [Shining Path, SL, leader] Abimael Guzman—is basically the union between the population and the police. This is why our first objective was to gain and keep the support of the population without which it would have been impossible to defeat the SL. The people are currently cooperating with us and the 51st Los Cabitos Garrison now has a different image. This was possible thanks to our road development and civic action program.

[Arroyo] What role do the peasant defense patrols and self-defense committees play in the antisubversive struggle?

[Marky] The peasant defense patrols have helped tremendously in the pacification program. I would say that this is one of the factors that caused the SL to crash. About 60 percent of the rural population is organized in patrols.

[Arroyo] There are, however, many accusations of abuse by the defense patrols which sometimes involve the security forces. What measures have you taken?

[Marky] There are isolated cases of abuse. As you can understand, Ayacucho Department is large and it is not possible to guarantee adequate action. We learn about the abuses from our patrols which are permanently covering the zone. If there is a serious mistake, we immediately report it to the court. This is why some peasant defense patrol members are under arrest. Abuses happen within the context of a war and are comprehensible but they are not part of the antisubversive policy. It is like in any institution, if someone commits a crime he is reported to justice and punished.

[Arroyo] How many of the settlements that were abandoned are coming back with life in Ayacucho?

[Marky] There are 30 settlements. The newest are Nununhuaycco, Umaru, Marccaraccay, and all the settlements in Uchuraccay. We give them security with a military patrol. These settlements are taking great steps to return to tranquility and going back to agriculture gradually. There is also a food program from the Pronaa [National Food Assistance Program] and the PAR [Rapid Assistance Post] which are creating the basic conditions for the people to live in a dignified manner in their communities. This means reconstruction of houses, medical posts, and schools. This is important because in the past the people returned to their communities in a disorganized manner. Perhaps not everyone will return to the communities, especially the youth who have already adjusted to city life. Many people long to return to their land and prefer their community instead of promiscuity and poverty far from their home. We help with the transportation and every other way we can.

[Arroyo] When did the strategy in Ayacucho change?

[Marky] Last year. It was realized that it was necessary to stop giving priority to repression and to concentrate on development. We took advantage of the legal framework of Law 24150 and Legislative Decree 749 which modified Article 5 of this law regarding the rights of the Political-Military Commands. [passage omitted]

[Arroyo] Is it true that the Apurimac valley is the second Huallaga due to the "cocalization" of the zone and the increased drug trafficking?

[Marky] Denying that would be like trying to cover the sun with a finger. These people have no good roads and the prices of coffee and cocoa are very low. There is not much incentive to grow those products, so many people are now growing coca. We do not repress coca growing because the Enaco [National Coca Enterprise] is in the area and there are many legal coca growers. But we are not naive, part of that production is used for drugs.

As the zone is wide and long, we would need many people to fight it. We are doing it but we need specialized personnel, perhaps a police base like the one in Santa Lucia to give us greater logistical support with radar in this struggle. I have information on the clandestine airfields in the zone but we have no means to control them. If we go to one place to fight trafficking, these people with their resources will move their illegal trafficking. This is why it is urgent to promote alternative development instead of repressive measures.

[Arroyo] How do you evaluate the subversion in that zone?

[Marky] That question will allow me to clarify a statement on a television program that the red flag was flying over the Apurimac River valley. That is not true. I know that zone and I can assure you that the SL was eradicated from there. The latest subversive outbreaks occurred in Viscatan where we intervened to evict the subversives. We fired on them with gunships, our military patrols captured many subversives and seized an important arsenal. We have information that the subversives are returning through the Sello de Oro zone but we will pounce at any moment.

[Arroyo] And in other zones of Ayacucho?

[Marky] Very little, we know of the presence of a few subversives in the zone of Rasuhuillca, Huanta, but we are permanently patrolling that area. With the information provided by the subversives who repented, we have discovered several SL hideouts which prompted the subversives to migrate to other regions.

[Arroyo] How many SL members do you estimate are operating in Ayacucho?

[Marky] I cannot say, but there are only a few. Their internal struggles have led to murder. One SL leader was murdered a month and a half ago. We were surprised because it involved Engineer Chocce, the departmental director of the Transportation and Communications Ministry. The police found in his house several letters of obedience to "President Gonzalo" and other letters recriminating him for the lack of action in Ayacucho.

[Arroyo] Did you know him?

[Marky] Yes. We suspected he was a terrorist because a repented terrorist reported him. After a police interrogation, and as no concrete evidence linking him with subversion was found, he was released and resumed his work as an important Transportation and Communications Ministry official. He held meetings with everybody, including us, and kept a close watch of the work in his sector. Then one day he was found dead on the slope of the Acuchimay with a SL sign saying: "This how the traitors of the party die."

[Arroyo] Did he participate in the SL Committee meetings?

[Marky] Never, he was a low ranking official at a regional level. He did, however, participate in official meetings. This case has helped us adjust and improve our intelligence service, making it more selective and much more accurate, to identify terrorists and their aides who have infiltrated public institutions.

[Arroyo] Does this mean there are terrorists in the city?

[Marky] Very few. They have repented and want nothing to do with the SL column that continues to perpetrate terrorist actions. Proof of this is that since last year there have been no actions such as the feared "armed strikes" in the city. In the education field, there might be some cases of indoctrination, but we are detecting them gradually. We believe some teachers were recruited through fear. They have now changed now and want peace. Not long ago members of the SUTE [Trade Union of Education Workers] of Huamanga requested permission to hold a rally and I granted it. They held their rally peacefully.

Uruguay

Lacalle Discusses Miami Summit, Domestic Issues

PY1304194094 Montevideo EL PAIS in Spanish 3 Apr 94 pp 18, 19

[Interview with President Luis Alberto Lacalle by EL PAIS reporters Walter Sanchez and Heraclio Labandera; place and date not given]

[Excerpts] [EL PAIS] What was the scope of your meeting with U.S. President Bill Clinton in Washington?

[Lacalle] Apart from being a meeting between the Uruguayan president and the U.S. President—the world's most important political personality—the occasion on which the meeting was held gave it certain special characteristics. While the continent's presidents were in Chile (when President Eduardo Frei assumed the presidency), we received a fax giving us an advance copy of a letter, which was later received by our secretaries, in which President Clinton expounded his idea of a summit of democratically elected presidents in Miami in December. Our meeting, which was held at the White House, had two distinct parts: The first part was held with the director of the National Security Agency and the under secretary for Latin American Affairs; and the second with these two gentlemen and President Clinton himself. The topics that dominated the meeting included the calling of the presidential summit, its role, my opinion of the idea, and what I thought my colleagues' opinions would be. President Clinton's summons is formulated in a two-page letter: In other words, it is more than an invitation. He outlines an idea that I would like to elaborate on because it was the main topic that we discussed. He has chosen December for the summit, which is too far off—from March to December is practically a whole year. In one paragraph he writes: "From now until December we must work together to ensure that the agenda of this summit will be very ample and very productive."

He indicates some topics: "We must jointly consider the best way to strengthen democracy, to improve the quality of governments, to collectively defend democracy, to promote economic growth through expanded trade and larger investments, and to advance toward a sustained development strategy that will protect the environment and help overcome poverty."

He then states that a certain point of the meeting had to be highlighted because it was the most discussed. He says: "I see this summit as a process. Between now and December we should organize a series of very intense consultations between governments. I also foresee meetings among non-government and government organizations, including meetings with government officials, to formulate new initiatives for their organizations and for the summit. A productive summit should generate consensus, give impetus to new ideas, channel a series of meetings between ministers, and strengthen multilateral mechanisms." At this point, I tried to evaluate the difference between this meeting and others. At this point we must recall that all U.S. presidents, practically without exception since Franklin Roosevelt, have had initiatives for Latin America. We had the "Good Neighbor Policy," which was the first, then the "Alliance for Progress," then the "Americas Initiative" just to mention a few. In other words, they all—under different names—have attempted to create stronger links with Latin America. I told President Clinton that, from the

contents of his letter and from his invitation, my intuition told me he was less interested in a meeting of governments and more interested in a meeting of nations, because this will be more than just a meeting of governments, of foreign or economy ministers; the meeting should include society's intermediate organizations, businessmen, cultural and educational sectors, and non-government organizations that today are having more and more importance within society. We were in complete agreement. Without pretending that one meeting will overcome the disagreements we may have with the United States or that one meeting will bring immediate results—because one has lived long enough to know that this is not the way things happen—if President Clinton's formula is accomplished, then I believe this meeting will see the presidents complete a process instead of just initiating and beginning a new one.

Interpreting and sharing President Clinton's thoughts allow us to suppose that the Chambers of Commerce of the involved countries should get together. Calling a meeting relative to a specific type of activity will more probably facilitate agreements because the interests of those involved are concentrated and intensified. The same can be said of any type of rectorial meeting. There is understanding among sectors because the world is interdependent. One can speak as an educator on topics that are as problematic in the United States as they are in our country. Talking about investment or trade brings us to the same conclusion. Thus, I believe doing things this way is much more intelligent and complex. Those meetings will be more difficult than getting 20 presidents to sit together, because drafting a good declaration and listening to erudite speeches is quite easy. It only takes 15 to 20 days to prepare. But this other way of doing things is much more ambitious because the interests at various levels have to be ironed out. This is where I see the strength and importance that this meeting can have if this kind of libretto and proposal are accomplished. But everything must be done in a coordinated manner. Our idea is to get the Rio Group to have the summit as the main topic on its agenda; we will thus know how we will respond collectively to this invitation. It will be useless if only the Uruguayan, Chilean, or Peruvian Governments are in agreement when the others are not.

[EL PAIS] Is this an attempt to reactivate—under another name—President Bush's Americas Initiative ?

[Lacalle] The Americas Initiative represented a qualitative change. Let us not forget it was based on aid for opportunity and loans for investment. It represented a major change. This was after the 1970's and the 1980's when foreign aid was requested and credits were easily obtained. It may seem a platitude to say this, but those loans had to be repaid. Partnership in a venture, however, is not repaid because risks are shared. This is why we were one of the first to share and endorse, together with President Bush, that qualitative change. And yet, this new proposal goes even deeper. President Bush proposed the Americas Initiative, which so recently constituted progress. This president has now presented a panoply that includes trade and investment, and other subjects like the environment, the sustainability of development processes, and the strengthening and enhancement of government management. This makes the project quite ambitious. The risk of convening such a summit is, perhaps, the fact that as it is so all-encompassing and so complex, it may meet with more difficulties. Notwithstanding this, I think some conclusions may be drawn from this—President Clinton's—outlook. The first is that his government was not satisfied with having established NAFTA, which was one of the risks we foresaw. We said: The U.S. Government has signed a trade and economic agreement with one of the leading countries in Latin America and may therefore deem that this is enough. The U.S. Government did so because Mexico might cast a shadow on the U.S. horizon. The U.S. Government is, however, aiming beyond the horizon and at other countries. I believe that, by joining societies rather than administrations, it will achieve greater strength because our administrations will be changing. In December, when I am scheduled to represent my country, I already will know who will be my successor. In other words, in December my administration will end within 60 days. Therefore, if we achieve agreements, plans, and goals among associations which do not have terms of office as we the presidents have, then it will be a process involving the entire society. Therefore, at first glance, I believe this proposal is different, interesting, profound, and complex, but also very attractive.

The integration process was another issue that President Clinton and I discussed. We are constantly quoting [former Bolivian] President [Jaime] Paz Zamora, who said the American integration process must be modular and contemporary. Instead of attempting to achieve everything at the same time, NAFTA was established to strengthen the North, while the Mercosur [Common Market of the South] will soon be established. Coincidentally, an effort is being made to link these processes at a higher level. Thus, our relationship would be facilitated. During my visit, I mentioned that we—the four Mercosur countries—have signed with the United States a treaty called "4 + 1," comprising the four Mercosur countries and the United States. I suggested making it into a "4 + 3" treaty, comprising the Mercosur countries, Canada, Mexico, and the United States. In this way, seven nations would be linked.

[EL PAIS] Did they accept the proposal?

[Lacalle] The idea has been sown. No one will say yes to an idea instantly. I left it with them. We will take the proposal to our Mercosur partners first. We will see if we can discuss it during the next presidential summit. I think it is a good idea. It is, above all, logical. The conversation then moved around these two main topics. I think Mercosur is acquiring an increasingly important international stature. The same happened with the European Union [EU], with which we have a 12 + 4 proposal—that is, the EU plus Mercosur. Europeans constantly refer to Mercosur as an entity. That is our big

responsibility. We must develop and launch Mercosur. This does not mean that we must reject other ideas. We cannot change or start anything new until we finish building Mercosur. The Uruguayan Government position is: First finish building Mercosur. When all problems are overcome and the organization begins functioning, which we expect will occur before June, then we will be able to look around. It will probably take 20 years, easily, from the time Mercosur starts operating until it becomes effective. It is a very difficult task. I think it has granted the four member countries a personality in the world we must appreciate. When Mercosur is finished, there will be four commercially organized groups in the world: The EU, NAFTA, Mercosur, and the Far East agreements. It is a very small league. Just think what it means for our country to be, through Mercosur, in what we can call "the first division" of world economic and commercial matters. These two issues will give us a lot of work and are very positive. During my trip I repeatedly said that Latin America is not part of the problem but part of the solution. It is an area that does a lot of trade with the United States. The zone has political and economic stability. Figures are constantly improving. It is a good field for investment. The zone has resolved its debt problem to a good extent. We are no longer ballast, the lead weight on the fishing line, the problem that sometimes we did not even want to look at. Problems in Latin America have been gradually ironed out. This is the message I took to Washington.

[EL PAIS] The "Americas Society" held an important meeting in Punta del Este recently. Within the framework of our international agenda, what can you tell us about that meeting?

[Lacalle] That is not an international agenda of the same level. The "Americas Society" has existed for many years. Every year it visits different areas of the world with some of its main associates. People from Argentina, Uruguay, Chile, and Brazil are represented. It is not a strictly North American entity. It is based in New York, but many countries are represented. What is the purpose of the organization? Mutual understanding and better knowledge of reality. The previous meeting, if I recall, was in Chile. This time the association met in Buenos Aires and Punta del Este, trying to cover Argentina and Uruguay at the same time. We talked about the situation, just as we do with the many groups that visit us. In this case [Economy and Finance Minister Ignacio de] Posadas spoke about our economic situation. Then [former President Luis Maria] Sanguinetti spoke about integration on Saturday morning. I gave the closing speech around noon. Many people said it was a "surprise visit" of the "Americas Society." We knew about the visit seven months in advance and announced it. It was a meeting of important people, a meeting of important economic groups. It is never a bad idea to let them know about the process of change in our country.

[EL PAIS] Right, but is this visit not in the context of what was proposed by President Bill Clinton, that is, to take integration to the continent's private sphere?

[Lacalle] Yes, yes, of course. I think people are increasingly aware of the idea. Politicians and diplomats' work is increasingly one of opening doors, building bridges, and then stepping aside to let those interested walk through. These people could be economic or cultural agents, or anyone interested in a proposal.

[EL PAIS] You criticized Congress several times during your trips abroad. Many people wondered if you would renew your attacks during your state of the nation address on 15 March.

[Lacalle] First we must clarify the word criticism. We always take the word criticism as meaning something bad. We almost consider it as a synonym of "insult" or "attack." Those in the political arena who cannot tolerate criticism have chosen the wrong profession. I find it amusing that when I state the number of times Congress could not muster a majority to pass a bill—without adding adjectives, just mentioning facts—people feel I am attacking and insulting Congress. Let us not forget the number of times the executive branch was subjected to the most atrocious—and here I will not use the word criticism—attacks, insults, and inventions. It's the same old story. It looks like a one-way street. We have been described as "disorganized," "irresponsible," "that we do not know how," "that we do not get things done," without counting the personal attacks directed against ministers, their personal life, and their honesty. Is it not so? If we count the number of times we were attacked the list will be very long. When I talk to my fellow countrymen, I am usually frank and I say, for instance, that the police need more than arms and pick-up trucks when they launch an operation. When our policemen subsequently face a criminal and the situation tells him he might have to use his gun, he needs to know that we accept he is representing the law. This does not mean we give them a blank check, but we must give them the assurance that he will be supported. Well, when I say Congress has not voted on the bill regulating this area since it was presented three years ago, I am only stating a fact. I do not believe this is an attack but an attempt to state who is responsible. I have enough with the executive branch shortcomings. If you want changes in some fields you need executive branch cooperation. I can list those fields. I say this as a matter of fact, I do not add a single adjective. I am sorry if someone is annoyed because I say this.

[EL PAIS] Your administration has only a few months to go. Do you feel you had the congressional support you expected?

[Lacalle] I remind you of what I said during my state of the nation address. One-third of my speech was taken up with explaining the conditions under which the government had to operate. It is already known that the next government will not have a congressional majority and will have to form a coalition. You have seen the result of my government's coalition. Results have been interpreted in different ways because we were able to obtain a majority of votes for several projects, perhaps not as

quickly as expected or as quickly as I would have wanted. I conceived a parliamentary type of government with different blocs negotiating and giving speed and assurance to congressional action. I have no doubt that those who supported the proposal to end the car insurance monopoly in 1993 could have acted in 1990. I have no doubt that the port reform could have been approved earlier. There were occasions when votes were there and other occasions when they were not. You are aware of the most outstanding case, the case of the bill reforming the social security system, without a doubt...

[EL PAIS] That was a great frustration...

[Lacalle] Frustration was not the word. It was an objective that we could not achieve. We said before the election that we had to do something about it. We talked to all party leaders here at government house. The BPS [Social Security Bank] greatly participated, explaining that it was necessary to do something to defend the system, to strengthen it. The system has a deficit that year after year has to be covered by the national budget. It is a very heavy burden for the country. The deficit amounted to some $200 million in 1993. These funds could have been used elsewhere, or total spending could have been reduced. This is something that the next government will have to face, no matter who is the next president. The problem involves us all. Pensioners trust the BPS will continue as a strong bank that will continue to pay their pensions, including the important recent increase. Pension adjustments were several percentage points above the inflation rate. This was a great improvement. It is also important for those who contribute and want to leave their savings in a place that will give them their pensions later. Contributions also affect the cost of products. There is no doubt that social security contributions are a very heavy burden on productive activities. If there is a topic of national scope, this is it. The government I have the honor to preside over has a clear conscience because we tried to administer a solution to the problem several times. We did not want to impose our solution, nor did we hear alternative proposals. Our proposals received a no, a no, and a no, but we never saw an alternative proposal. Our responsibility here is totally in the clear.

[EL PAIS] Have some representatives from the Batllist Forum criticized your handling of the Armed Forces?

[Lacalle] It ill behooves me to sing my own praises. I can only say that I have abided by the Constitution and the law, and that during my administration the Armed Forces have been totally and absolutely subject to the legitimate command—the president of the Republic.

[EL PAIS] Do you believe La Republica University is keeping up with the times?

[Lacalle] The university is undergoing a dramatic and positive change. We recently discussed this with university authorities, noting that it is coming into contact with the real world by drafting reports for public and private companies, and by selling its services—like some of the most prestigious universities in the world—to obtain financial resources. This new phase in university life is, therefore, most welcome. I believe, however, that the university still finds it difficult to adapt to these changes; it does not instigate change.

[EL PAIS] What would you tell your detractors about the exchange lag?

[Lacalle] I think this subject has been analyzed by experts. In my view, the cost of running the government weighs heavily on the exchange lag. The current exchange situation stems from the adverse effect of this cost on the economy, something which we have been trying to eradicate since we assumed office. We believe the decline in inflation will be instrumental in breaching that gap and that a relatively strong currency is a better indicator than a devalued one. To those who criticize this, I would ask them to publicly identify a better alternative, whether to devalue or to liquidate the assets of all those who have a fixed income.

[EL PAIS] The constitutional reform is beginning to take shape. Some contend that there is agreement while others deny this. What is your opinion?

[Lacalle] For obvious reasons, I have not been directly involved in the dealings of Congress, but I have been following all the latest developments. [Senator Walter] Santoro, [Senator Juan Andres] Ramirez, and [Vice President Gonzalo] Aguirre have always kept me informed. They assure me that congressmen reached consensus and an agreement will be voted on. [passage omitted]

[EL PAIS] The press insists that President Lacalle's choice as presidential candidate is Senator Juan Andres Ramirez ...

[Lacalle] That will be settled by the Herreraist Convention, at which I suppose—and believe—my comrades will take my opinion into account.

[EL PAIS] ... in your capacity as leader of the Herreraist sector ...

[Lacalle] No, just as a comrade.

[EL PAIS] Do you think that this "primary election" may give rise to splits within the sector? You are its leader and should know how to handle it ...

[Lacalle] The doors of the different factions swing; one can go in and out through those doors; no one is a prisoner. I have heard my comrades voice their feelings of unity and vocation to serve the Herreraist sector. This is not limited to just one person, it goes beyond that.

[EL PAIS] Do you want the Blanco Party to field a common candidate for Montevideo mayoralty?

[Lacalle] That issue has not been formally raised for consideration. Therefore, it will depend on what my distinguished comrades say when their opinion is sought.

I would thus discuss that when the situation presents itself. We have to see if there will be a constitutional reform. This is an important consideration to be taken into account.

[EL PAIS] Your wife recently made some remarks to the effect that women in Uruguay play a marginal role in politics and that she will run in the November elections if the people request that she do so.

[Lacalle] Well, you should ask her about that. My considered opinion is that Julia Pou [de Lacalle] is a very intelligent person who is most able to communicate. She has made herself known through her works, her activities. She could have stayed at home during these past five years and that would have spared her much distress. Yet, it is incumbent upon her to reply to your question. There is total and absolute equality at home.

[EL PAIS] What will President Lacalle do after 1 March 1995? Will he continue to be involved in politics?

[Lacalle] Yes, because I opted for this walk of life when I was 17 years old. Thus, it is rather difficult to change my path.